FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,385 Monday February 2 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 30p; MALTA 25c

NEWS SUMMARY

GENERAL

Germany heads for nuclear plant row

West Germany is heading for a showdown over a proposed nuclear power station near Hamburg.

The city branch of the Social Democrat Party will meet tonight and tomorrow to decide whether to approve the plant's construction. The Mayor is against it.

The Bonn Government Coalition, which includes Social Democrats, is strongly in favour. Page 2

Mirages delivered

France said the first batch of a strong order for its Mirage F1 combat aircraft was delivered to Iraq. Page 2

Aerial tankers

The Defence Ministry may fit equipment for in-flight refuelling of fighters to British Airways' future fleet of Boeing 757s. Back Page

Air fare battle

British Caledonian Airways and other Airways will apply today to the Civil Aviation Authority for rights to fly from London to Australia at rates up to 40 per cent cheaper. Page 3

Attack on EEC

The CBI today attacked the European Community for trying to impose too many unnecessary regulations on companies. Back Page

Rates row

A row has broken out at the Environment Department over a blunder in the rates block grant system that penalises councils which have sold council houses. Page 3

ILEA paper

The Government this week will issue a Green Paper on the future of the Inner London Education Authority (ILEA). Back Page

Ships collide

A seaman was reported missing from a Polish freighter which collided with a Panamanian-registered ship in thick fog in the Baltic sea. A British coaster and a German freighter collided off Beachy Head, Sussex, also in thick fog.

Raid denounced

South Africa's raid on the African National Congress headquarters in Mozambique was condemned by the leader of South Africa's largest legal black political body. Page 2

Bomb search

Big stores in London's West End were searched for incendiary devices after four bombs were found in a furniture store on Saturday.

Police suspended

Three regional crime squad detectives have been suspended while Scotland Yard complaints officers investigate lorry hijackings.

Food for thought

MP Jack Straw protested at the "appalling menu" for Blackburn primary-school children last Thursday—a sausage, two slices of bread, a corn-flake cake and a glass of water.

Briefly . . .

Cornwall's champion sea angler fell 40 feet to his death from a cliff.

Father and two children died in a fire at their Islington, London, home.

Former French posts and telecommunications minister Norbert Segard died.

China denounced Vietnamese proposals for a regional conference on Kampuchea. Page 2

BUSINESS

Clash likely over economy

● CBI AND TUC leaders are likely to clash with the Prime Minister over the current state of the economy when they meet on Wednesday at the National Economic Development Council. Back Page

● BUENOS AIRES has replaced London as the city with the world's dearest office rents, according to a survey. Back Page

● BUILDING SOCIETIES had another excellent month in January, with provisional results indicating net receipts may have exceeded December's figure of £448m. Page 4

● BRITISH GAS is to cut the gas bills of more than 500 industrial customers by up to 6p a therm. Page 3

● COMPANIES BILL, expected to be published this week, is likely to meet opposition from Conservative and Labour MPs. Page 3

● HAMBROS, the City merchant bank, has approached several investors about the possibility of taking a substantial stake in the Port of Bristol. Page 4

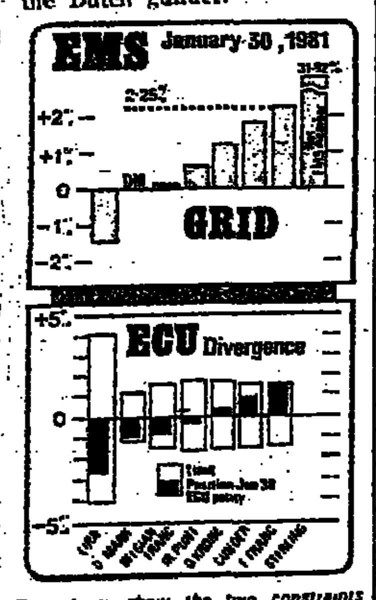
● UAL, largest domestic airline in the U.S., reported net earnings of $21m (£8.7m) for 1980, compared with a $72.8m loss in 1979. Page 22

● TRIPLEX, which makes most of the windscreens used by the UK motor industry, plans to make 600 workers redundant in the next two years. Back Page

● UNIONS AT VAUXHALL have launched a campaign to alert MPs and industrialists to "the slow demise" of the company. Page 5

● NEW INDEX to measure the trade-weighted value of sterling is introduced by the Bank of England today. Page 4

● ITALIAN lira and German D-mark suffered heavy losses against the dollar and within the European Monetary System last week. The dollar rose above L1,000 for the first time on Friday, and sterling also touched a record level against the Italian currency. Against the D-mark, the dollar rose to its highest point for nearly three years, while sterling rose above DM5 for the first time in five years. Support was given to the D-mark against the dollar and French franc, as the German currency threatened to fall below the lowest permitted level under EMS rules, while the Belgian franc also traded around its floor against the French franc. There was little change of the top of the EMS, with the French franc the strongest member, followed by the Dutch guilder.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

CONTENTS

Exchange rate will be factor in MLR cut says Thatcher

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A STRONG hint that interest rates will be cut before long and that the strength of the sterling exchange rate will affect the decision was given yesterday by Mrs. Margaret Thatcher, Prime Minister.

On the Weekend World television programme Mrs. Thatcher repeatedly rejected reflation as a response to the unemployment rise. She did, however, signal an important shift in the emphasis of monetary and interest rate policy.

Until now the Government has said that any changes in Minimum Lending Rate are determined solely by domestic factors, primarily the rate of monetary growth. Sterling is not considered since there is no exchange rate objective.

But yesterday Mrs. Thatcher three times said that the exchange rate would have to be taken into account in any MLR decision.

She said MLR would be cut "just as soon as it was possible to move soundly." MLR would "not be kept up a moment *longer than it had to be.*"

Mrs. Thatcher said the Government was watching the monetary figures, industry, the exchange rate and the need to give a little psychological boost.

On sterling, she said she hoped the exchange rate would not fall rapidly because of the adverse effect on industry's cost and on the inflation rate. She recognised that the pound was a "little bit high for a number of industries" and "might fall a little."

These comments indicate a possible shift of emphasis rather than a change of strategy. While there is concern in Whitehall about the adverse effect of the strong pound on industry, there is a rejection of any formal exchange rate target. Instead, some policymakers hope that lower interest rates might take some of the upward pressure off the pound after its sharp rise in recent weeks.

Editorial comment, Page 12
Thatcher faces CBI clash, Back Page
Jobless rate may slow, Page 4
Do not have a sterling target, Page 10

The Prime Minister gave no hint about the timing of any cut in MLR. Key money market interest rates have been falling steadily over the past 10 days to below the present MLR of 14 per cent.

The main choice lies between waiting for the Budget on March 10 and announcing a small cut if the mid-January monetary figures are favourable.

Preliminary indications will be known to the authorities towards the end of this week ahead of publication on Tuesday week. This has fuelled speculation about a possible cut on Thursday before Mrs. Thatcher's speech in the major Commons debate on the economy.

The Prime Minister said yesterday that it was necessary to look at all the monetary indicators and not just at sterling M3, the broadly defined money supply.

This marks a further stage in the process, started last November, of changing the balance of monetary policy from a concern principally with sterling M3 which has been subject to very large distortions over the last year.

There are signs in Whitehall that this desire to look at a range of monetary indicators may be presented in a more formal manner in the Budget with sterling M3 no longer alone though featuring prominently among a series of monetary measures.

In her interview Mrs. Thatcher stressed the Government's refusal to reflate and its intention to stick to its strategy.

In the past, she said, "it is just at this stage when Governments have started to get things right that they have cut and run."

Pressure grows on Gang of Three

BY MARGARET VAN HATTEM

LABOUR supporters of the Council for Social Democracy will come under pressure this week to quit the party immediately and put their full weight behind a campaign with the Liberals for the May county council elections.

Mrs Shirley Williams, whose support is considered crucial to any breakaway movement's success, in understood to have decided to resign from Labour's National Executive Council. She is expected to discuss this with Mr. Michael Foot, Labour leader, today and anounce her resignation soon afterwards.

She said months ago she would not stand as a Labour candidate for her old seat of Hertford and Stevenage in the next general election. She will be under pressure from Liberals and potential supporters of the proposed social democratic party to break with the Labour Party immediately.

Mr. Foot is expected to make a last attempt to *dissuade Mrs. Williams and to* urge other members of the Gang of Three—Dr. David Owen, who announced last Friday he would not stand again as a Labour candidate, and Mr. William Rodgers—to stay in the party.

He will probably be joined by Mr. Denis Healey, the deputy leader. Mr. Healey yesterday broke his long silence on the party's internal troubles with a trenchant attack on Mr. Tony Benn, who he accused of conducting a "McCarthyite witchhunt."

In a radio broadcast, Mr. Healey warned the social democrats that they were making an "absolutely disastrous error." He urged them to stay and fight "just at the moment when things are swinging our way."

Labour's Wembley conference eight days ago, at which trade unions won from MPs the major voice in choosing the party leader, was seen as a powerful blow to Mr. Foot's credibility as leader, but his position has been strengthened since by two factors.

His success last week in rallying Labour MPs and some union leaders behind a campaign to overturn the Wembley decision and restore to MPs the major vote enables him to argue more convincingly that the party's swing to the Left can be fought from within.

Second, a Sunday Times poll yesterday indicated that the social democrats, many

Continued on Back Page

Solidarity halts token strike plan after talks

BY CHRISTOPHER BOBINSKI IN WARSAW

THE NATIONAL COMMITTEE of Solidarity, Poland's independent trade union, decided yesterday to suspend the one-hour token national strike planned for Tuesday in the light of the concessions it won in talks with the Government on Friday.

But a national committee statement described the outcome of Friday's meeting as "falling far short of society's expectations," and said it was "the preliminary stage" in realising its demands.

Friday's 13-hour negotiations *with the Government* centred on Solidarity's demands over Saturday working, union access to the media, and official recognition for the independent union representing Poland's 3.5m private farmers.

Although agreement was reached on the first two demands, the Government refused to give way on the third.

The authorities did agree to send a delegation to talk to 300 farmers who have occupied a building in Rzeszow, in south-eastern Poland, since January 2 in support of their demand for a union.

Talks between the farmers and Mr. Andrzej Kacala, Deputy Agriculture Minister, started yesterday afternoon.

The issue of a union for private farmers seems fated to become the source of further conflict.

On February 10 the Polish High Court is due to examine the application for registration of Rural Solidarity, the farmers' union.

To judge by the Government's stance at Friday's talks on this issue, the application will fail. The Solidarity National Committee said that Tuesday should be a day of support for the farmers, and has instructed its union branches to discuss whether to hold a strike later in support of the farmers' demands.

The national committee has invited Rural Solidarity to form a joint co-ordinating group at national and local level and said that any attacks on the farmers' union would be considered attacks on both unions.

On Friday the Government and Solidarity agreed to 38 free Saturdays a year, which taking into account State and Church holidays gives Poles an average working week of 41½ hours.

The authorities agreed to access to the State-controlled media for national committee statements, and television and radio time for the union to make clear its point of view on major social and economic issues.

Yesterday a local general strike continued in the Bielsko Biala region in southern Poland, while Government talks with the Solidarity regional branch in Jelenia Gora on its grievances continued.

Unions oppose Murdoch print plans for Times

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRINT union leaders will tell Mr. Rupert Murdoch today that they find unacceptable most changes he has proposed in manning and working arrangements at Times Newspapers as a condition of his purchase of the group.

Nearly half Mr. Murdoch's three-week period for negotiations— which ends on February 12—has already gone, with no group at Times Newspapers agreeing to any of the radical conditions for which he is calling.

These include manning reductions averaging 25-30 per cent, a pay freeze, a tough disciplinary clause, the loss of the Times supplements' printing operation and widespread changes in working practices.

The National Society of Operative Printers, Graphical and Media Personnel (Natsopa), which organises half the 4,200-strong workforce at the group, is wholly opposed to most of the conditions, as are the print craft unions, the National Graphical Association and the process workers' union, Slade.

Two of the five newspaper unions will not be represented at today's talks. The National Union of Journalists, with nearly 700 full or part-time members at Times Newspapers, has objected to Mr. Murdoch's refusal to allow chapel (office branch) representatives to be present.

Officials of Slade, which has 60 Times Newspapers members, are unable to attend because of a confusion with the dates.

Of the three big unions, two —the Society of Graphical and Allied Trades and the NGA— will be represented by senior officials in the absence of their general secretaries on other business. Mr. Owen O'Brien, of Natsopa, will be the only General Secretary present.

Mr. Murdoch's task, Page 12

Italy squeezes credit to boost lira and exports

BY RUPERT CORNWELL IN ROME

THE ITALIAN monetary authorities brought in a fierce credit squeeze at the weekend, aimed at protecting the weakened lira on foreign exchange markets, and boosting the country's flagging exports.

Overall credit expansion in Italy will be held to 13 per cent this year under the measures, decided by Sig. Beniamino Andreatta, the Treasury Minister, and the Bank of Italy, after a week in which the dollar topped L1,000 for the first time.

The 13 per cent compares with an Italian rate running at about 21 per cent a year, and unlikely to drop below 15 or 16 per cent this year. The clampdown affects lending in both lira and foreign currencies.

The moves to prevent a full-blown lira crisis coincide with severe new strains on the four-party Government coalition over alleged international manipulation of Italian terrorism. Sig. Arnaldo Forlani, the Prime Minister, is to make a Parliamentary statement tomorrow, which he hopes will patch up differences between his own Christian Democrats, and its smaller Socialist and Social Democratic partners.

The authorities have given Italian banks until March 31 to bring their foreign currency lending down to the levels of end-1980, and this level may not be exceded this year. Only credits to finance exports will be exempted.

Banks which step out of line will have to deposit the equivalent of 50 per cent of the excess in a non-interest bearing account at the Bank of Italy.

Lira-denominated credit expansion will be held to 12 per cent in 1981. The curbs will apply to loans of less than L130m (£55,000), not subject before to the credit ceilings imposed by the Central Bank.

While overall banks lending rose by 20 per cent last year, smaller exempted loans grew by 30 per cent, the Central Bank said yesterday. They now accounted for almost 40 per cent of total lending, and their unregulated expansion had largely nullified the authorities' efforts to control the money supply.

The exemption of smaller loans had been specifically to help small and medium-sized companies, the most dynamic sector of the economy.

The latest provisions have therefore increased fears that the credit squeeze will transform an expected slow-down of economic growth this year into an outright and possibly deep recession.

Sig. Andreatta said yesterday that he expected inflation to come down to 15 per cent this year. He hoped that gross domestic product might advance by up to 1.5 per cent in real terms.

The authorities also hope the *measures will prompt a swift* improvement in Italy's deteriorating external accounts, without a downward adjustment of the lira's parity in the European Monetary System. The provisional 1980 payments deficit reached £2.8bn, while the trade deficit is estimated at around £8bn.

The Treasury Minister said a lira devaluation would only increase the inflationary pressures already generated by the steep rise of the dollar, and would do little or nothing to enhance growth prospects.

The markets will today determine whether the desired strengthening of the lira in fact comes about. But the week-end measures have—for the moment at least—squashed speculation of an imminent parity re-alignment within the European Monetary System.

Cost accounting refusal by bank

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE DISAGREEMENT between the accountancy profession and British consortium banks broke out into the open at the week-end when Scandinavian Bank became the first such bank to refuse to comply with the new current cost-accounting requirement.

The requirement was imposed by the Accounting Standards Committee at the New Year. It has been a bone of contention with the consortium banks in particular because they feel that it will lead to their reporting results that might damage the international reputation on which they depend to fund their business.

Many consortium banks which would report profits under the traditional historic cost-accounting system would, in the opinion of a number of accountants, have to declare losses on a current cost-accounting basis.

No other countries have introduced such a system on so general a scale and the banks fear that lack of familiarity with it abroad might lead foreign banks to cut their credit lines to consortium banks in the Euro-markets.

Because of this only a handful of consortium banks is at present expected to comply with the ruling in their accounts for 1980. The requirement to do so is not statutory, but they do risk having their accounts qualified by their auditors.

In Scandinavian Bank's case the auditors have simply drawn attention to the lack of complince in a factual way, which the bank says is not tantamount to a qualification in the normally understood sense

But as more banks follow the same route there seems little doubt that pressure on them to conform will continue to grow.

The Bank of England, for example, is known to favour accounts being presented on a current-cost basis, although it is staying aloof from the debate between the consortium banks and the accountancy profession.

A resolution of the problem will depend on agreement on a number of specific issues. These include how the foreign currency portion of a bank's balance sheet is treated.

Scandinavian Bank says that only some 13 per cent of its business is conducted in sterling in the UK. To apply British inflation adjustment procedures to the remainder, made up of several currencies with differing inflation rates, could only be misleading, it says.

Mr. Garrett Bouton, the bank's chief executive, says that the Inland Revenue decision to continue to tax profits on a historic cost basis would have placed a further burden on the bank.

Earnings increase, Page 22

Maxwell to unveil BPC takeover

BY RAY MAUGHAN

MR. ROBERT MAXWELL, chairman of Pergamon Press, is expected to unveil plans for supporting the British Printing Corporation by the latter part of this week.

The starting point for Mr. Maxwell's proposals is a 29.5 per cent holding in BPC acquired last August after a swift and successful "dawn raid" at 25p per share which is believed to have drawn out most of BPC's institutional shareholders.

The "dawn raid" subsequently prompted a probe by the Office of Fair Trading, but Mr. John Nott, then the Trade Secretary, decided last October not to refer the holding to the Monopolies and Mergers Commission. Two months previously, BPC announced interim losses of more than £6.5m against a £60,000 profit a year before.

Mr. Maxwell had already requested a seat on the BPC board, but the printing group, which owns the Sun Printers in Watford, Caxton Publishers, Purnell and Waterlows, is said to have courted alternative suitors. The merchant bank, Hambros, was engaged to explore other avenues, but BPC's long-standing relationship with Hill Samuel has recently been restored and Pergamon is now poised to take control of BPC, which has been in dispute with its journalists since December 8.

National Westminster Bank, BPC's principal banker, is understood to be in agreement with the forthcoming deal.

Hamburg threat to Bonn's N-power plans

BY ROGER BOYES IN HAMBURG

WEST GERMANY is heading for a major showdown today and tomorrow over the question of whether to build a new nuclear power station near Hamburg. The issue is a test of the Bonn Government's ability to carry through its energy policies respite regional opposition.

The Hamburg branch of the Social Democrat Party (SPD) meets tonight and tomorrow to decide whether to approve the construction of the Brokdorf power plant, which will supply that city's port with 20 per cent of its electricity needs.

Herr Hans Hulrich Klose, the Social Democrat mayor of Hamburg, is against the building of the power station, as are other SPD leaders in Hamburg and the neighbouring state of Schleswig-Holstein, where Brokdorf is situated.

The Bonn Government Coalition of Social Democrats and the Free Democrat Party (FDP) is strongly in favour of the construction of the power station, which has become a symbol of West Germany's willingness and ability to develop its nuclear energy and to reduce oil imports.

The huge oil bill was largely responsible for Germany's current account deficit of almost DM 30bn last year.

The West German Government is thus in a delicate predicament. If the Brokdorf project is approved, Herr Klose's position in Hamburg could be weakened fatally. With the SPD Government in West Berlin under threat, Bonn's ruling Social Democrats clearly want to avoid a similar upheaval in Hamburg, which could involve a weakening of the party's whole position in north Germany.

If Brokdorf is rejected, the Bonn Government's plans to push ahead with nuclear power will lose credibility, although the Government sees them as essential to the future health of the economy.

Spain's ruling party fails to resolve leadership row

BY ROBERT GRAHAM IN MADRID

KEY FIGURES in Spain's ruling Union of the Democratic Centre held a series of meetings over the weekend but failed to resolve differences concerning a successor to the outgoing Prime Minister, Sr. Adolfo Suarez, who resigned last Thursday.

The man proposed to succeed him, Sr Leopoldo Calvo Sotelo, who has been serving as Deputy Premier in charge of economic affairs, continues to be vetoed by at least seven members of the party executive of 35. The seven claim to speak for a large proportion of the party's MPs and represent the conservative right wing.

They object to Sr Calvo Sotelo because they are reluctant to accept the manner in which he was chosen by the party executive early on Friday at a meeting presided over by Sr Suarez even though the Prime Minister had said earlier that he was resigning immediately both as Prime Minister and party leader. Sr. Suarez quickly made it clear that he would resign the leadership only when a successor had been chosen and his own resignation had been endorsed by a party congress.

But the critics are also refusing to accept Sr Calvo Sotelo until he undertakes to withdraw or alter some policies and proposed legislation. Principal among the changes demanded is a withdrawal of the divorce law, currently being discussed by Parliament, which the seven regard as too liberal and anti-church.

However, if Sr Calvo Sotelo falls in with their wishes, he will risk losing the support of the liberal and social democratic elements in the party and might also lose the support of the Catalan nationalists, without which he would have no workable parliamentary majority.

The party's difficulties are unlikely to be thrashed out before its second Congress which is to take place in Palma, Majorca, next weekend.

Mr. Mugabe: silence on retaliation.

Maputo raid condemned

By Quentin Peel in Johannesburg

THE SOUTH AFRICAN raid on an alleged headquarters of the exiled African National Congress (ANC) in Mozambique was condemned yesterday by Mr. Robert Mugabe, Prime Minister of Zimbabwe, and Chief Gatsha Buthelezi, leader of the largest legal black political organisation in South Africa.

Fourteen people are known to have died in the commando-style raid on three houses in Matola, a suburb of the Mozambique capital, Maputo, on Friday, although the South Africans claim to have killed 30 ANC guerrillas.

Our Salisbury Correspondent adds: Mr. Mugabe's statement stopped short of threatened reprisals. Zimbabwe is heavily dependent on South Africa for transport and trade links and more than 80 per cent of the export-import traffic of Zimbabwe, Zaire and Zambia uses the South African transport system.

Mr. Mugabe has on several occasions promised moral support to the South African nationalist movements but said that his country would not offer military bases for attacks against Pretoria.

UAE raises oil price

THE United Arab Emirates yesterday completed the latest round of the Organisation of Petroleum Exporting Countries oil price rises with a moderate increase of $3 a barrel to $36.56, backdated to January 1, Reuter reports from Bahrain. The rise was seen as a compromise between the Emirates' desire to follow Saudi Arabia's increase of only $2 a barrel and the $4 maximum set by Kuwait and Qatar.

France delivers Mirage F-1s to Iraqis

BY TERRY DODSWORTH IN PARIS

THE FIRST batch out of 60 Mirage F-1 combat aircraft ordered by Iraq was delivered from France at the weekend, the French Foreign Ministry confirmed yesterday.

Officials refused to be precise about numbers, but six of the aircraft, ordered from the Dassault company in 1977, are believed to have been flown to Iraq on Saturday. According to witnesses, they landed for refuelling at Larnaca airport in Cyprus, where Iraqi pilots took over from the French team that had flown them in. A second group of six was reported to have passed through Cyprus yesterday.

The first delivery of F-1s was due at the end of last year, shortly after the outbreak of the war between Iraq and Iran. Although Paris stressed yesterday that the contract had gone ahead according to plan, the Gulf conflict clearly placed the French Government in difficulty.

Iraq is particularly important to France as the country's second largest oil supplier, while Iran has gone out of its way to give warning about the "dangers" of delivering arms to its enemy.

The 60 Mirages are part of a number of contracts which have made France into one of the largest arms suppliers to Iraq after the Russians.

Before the Iranian war began, France had handed over 400 armoured vehicles. It has also signed agreements for the supply of 100 heavy AMX tanks, 50 light AMX-10 tanks, 40 Puma transport helicopters, and 20 Gazelle light helicopters.

In addition, Iraq is said to be interested in buying the new Mirage 2000 combat aircraft, due to go into service in the French air force in 1983, the Franco-German Alpha jet trainer and several warships.

Alongside the military deals, France has become a big supplier of civil equipment to Iraq, including nuclear power technology.

Since the beginning of hostilities between Iraq and Iran, the French have clearly been under pressure to fulfil their obligations. Mr. Tarek Aziz, Iraq's deputy Prime Minister, has visited Paris on several occasions, meeting President Giscard d'Estaing, as well as senior Ministers.

Reuter reports from Tehran: President Abol Hassan Bani-Sadr has launched what seems to be a thinly-veiled attack on his political opponents in a speech reported yesterday by the official Pars News Agency.

In an apparent reference to his hardline fundamentalist opponents, who are led by members of the Islamic Republican Party, Mr. Bani-Sadr was quoted as calling on Iranians to resist "bullies and tyrants" with all their power and unity.

Speaking in the south-eastern town of Jiroft on the eve of the second anniversary of the return from exile of Ayatollah Khomeini, Mr. Bani-Sadr said: "I will resist tendencies towards oppression, towards pressure, towards prison and towards torture."

Iran's state radio quoted the President saying that Iran knew, when it opposed Iraq in the Gulf war, that it would not get U.S. arms which it had already paid for. This was a reference to recent remarks by the U.S. Secretary of State, Mr. Alexander Haig.

In another development, the State radio announced yesterday that diplomatic relations with Jordan and Morocco had been broken off in protest at their support of Iraq.

'Price freeze for Israel' if Labour wins poll

BY DAVID LENNON IN TEL AVIV

MR. YAACOV LEVINSON, the banker tipped as Israel's next Finance Minister if the Labour Party wins the summer election, yesterday prescribed a total price freeze as the first step towards curbing the record inflation rate.

Speaking at the Labour Party convention here, the outgoing chairman of Bank Hapoalim said Israel's inflation, 133 per cent last year, was threatening democracy. "We have to decide on a system which will preserve democracy and at the same time put an end to the inflationary enemy which threatens its existence," he said.

Advocating a high level of administrative intervention as essential for halting inflation and restoring economic growth, he told the delegates gathered to draw up the party's economic and social platforms that: "The social and national price of inflation is much more costly than the economic price of administrative intervention."

Having announced his resignation as chairman of one of Israel's largest banks last week, Mr. Levinson made what sounded like an election speech, although it has yet to be confirmed that he will be the Labour choice to head its programme for economic recovery.

For 20 years, the Israeli economy had grown at record rates without inflation rising above 6 per cent, he said. His belief was that growth in productivity blocks the rise of inflation.

Mr. Shimon Peres, who was confirmed as party leader and candidate for Prime Minister at the December convention, warned The Menahem Begin's Government that if returned to power Labour would not consider itself bound by domestic acts or undertakings of the outgoing government.

He was referring specifically to the Government's policy of building more Jewish settlements on the occupied West Bank. But he also listed the sale of government companies, tax exemptions to preferred groups, and "improper land deals" as other areas which would be re-examined and changes made if considered necessary.

Mr. Yerucham Meshel, Secretary-General of the Histadrut Labour Federation, told the convention that the unions wanted a "social contract" with a Labour Government covering wages, prices, taxes and profits.

Kampuchea talks denounced

By Kathryn Davies in Bangkok

CHINA has denounced Vietnamese proposals for a regional conference on Kampuchea.

After two days of talks with Thai leaders, Zhao Ziyang, the Chinese Premier, said in Bangkok that Vietnam's offer of talks with the Association of South East Asian Nations (ASEAN) was an attempt to avoid the problem of the Vietnamese occupation.

Describing the Vietnamese as "Soviet stooges," Mr. Zhao said that only when all foreign troops had left Kampuchea could useful talks between Vietnam and China take place.

China would back a "Third Force" made up of any elements opposed to Vietnamese "hegemony" in Indo-China.

Both Thailand, as a member of ASEAN, and China have increasingly been calling up on a former Kampuchean Prime Minister, Son Sann, to take on the mantle of leader against the Vietnamese.

However, the 69-year-old leader does not have the military capacity to defeat the estimated 200,000 Vietnamese troops in Kampuchea and observers feel that the real power would lie with the ousted Pol Pot guerrillas.

Mr. Zhao has had the most enthusiastic welcome accorded to a foreign leader in Thailand for a long time.

Foreign governments help Haig resist aid cuts

BY OUR WASHINGTON CORRESPONDENT

FOREIGN Governments have come to the aid of Mr. Alexander Haig, the Secretary of State, to help head off the deepest of the U.S. foreign aid cuts proposed by Mr. David Stockman, Budget Director in the new Administration.

The Stockman plan, leaked last week, to lop $2.6bn (£1.1bn) or about a third, off the 1981-82 foreign aid plan left behind by President Carter, constitutes the first major challenge to Mr. Haig's foreign policy leadership.

It also touched off a storm of protest from U.S. allies abroad. Mr. Mark Macguigan, Canada's External Affairs Minister, took up the matter in talks with Mr. Haig on Friday.

Fortified by the foreign objections, Mr. Haig is reported to have launched a successful bid to soften some of the Stockman proposals—in particular the plan to halve the $3.2bn U.S. contribution, pledged over the next three years to the International Development Association, which is the arm of the World Bank that makes concessional loans.

But some aid cuts are considered inevitable. Mr. Donald Regan, the Treasury Secretary, noted last week that it was politically impossible to pare back domestic welfare programmes without making reductions in aid to foreigners.

Khaled tells Reagan of Mideast peace conditions

BY RICHARD JOHNS IN JEDDAH

KING KHALED has told President Ronald Reagan that the conditions for a peace settlement in the Middle East are Israeli withdrawal from occupiel territories and recognition of the Palestinians' right to self-determination—including their own state.

This in line with the Mecca declaration and resolutions approved by the Islamic summit conference in Taif.

It is certain to leave the new Administration in no doubt about the kingdom's policy and its rejection of the so-called "Jordanian option" whereby the Palestinian problem would be solved by a federal arrangement linking liberated territory with the Hashemite monarchy.

King Khaled's message was in reply to one sent by Mr. Reagan congratulating him on playing host to the Taif gathering. In it he expressed the hope of establishing relations of confidence and mutual respect.

The Saudi regime is anxious to make clear what it expects in return for pumping oil at a rate of 10m barrels a day, a rate substantially exceeding its present financial requirements, and for its continued moderation of oil-pricing.

Saudi Arabia believed the U.S. capable of restraining Israel, the message said.

WORLD TRADE NEWS

UK textile industry faces tough talks in U.S. on import limits

BY RHYS DAVID

THE FIRST high-level trade talks between the EEC and the new U.S. Administration are due to start on February 9, when a team under Sir Roy Denman, the European Commission's Director General for External Affairs arrives in Washington.

The team is expected to discuss a wide range of trade issues with particular emphasis on the problems being caused for European textile chemicals and plastics manufacturers by competition from American exports with access to cheap energy. At Britain's request the Commission was asked after the Council of Ministers' meeting in December to open negotiations with the U.S. on restraining American textile exports. The chief EEC textile negotiator, Herr Horst Krenzler, is expected as a result to play an important part in the Washington discussion.

The Americans are expected to argue that problems in chemicals and textiles should now ease as a result of the Reagan Administration's decision to decontrol oil prices allowing them to rise to world levels.

Oil, however, is less significant as a raw material for the U.S. chemical and textile industry than natural gas on which controls are not due to be lifted until 1985.

Oil decontrol, while welcome, therefore, will still only remove part of the unfair advantage U.S. producers enjoy, the British Textile Confederation (BTC) claims. A delegation from the BTC led by its Director, Mr. Ian MacArthur, and its President, Mr. Leonard Regan, is due to visit Sir Roy Denman, in Brussels on Wednesday to stress the damage still being done by U.S. exports.

Meetings have also been arranged for the following week, with members of the European Parliament immediately before the next Council of Ministers' meeting.

Mr. Colin Purvis, assistant director of the BTC, said at the weekend that American assurances that exports would begin easing off had been given in a previous round of consultations held at the end of last year. Though there had been a decline in fibre deliveries to the UK in the last quarter the growth had continued to downstream products such as carpets and bed linen.

BOC units win £9m Tata order in India

By Our World Trade Staff

CYROPLANTS LIMITED and Indian Oxygen Limited have been awarded a £9m turnkey contract by the Tata Iron and Steel Company for the design, construction, erection and commissioning of two 250-tons-per-day oxygen plants.

The two companies, both part of the BOC International group, will also instal two oxygen process steel converters to replace Bessemer and open hearth furnaces. The project is being undertaken to assist Tata in modernising its operations in Jamshedpur in Bihar state.

● Lazard Brothers has arranged a $29m (£20m) buyer credit to finance the sale from the UK by Ford Motors of completely knocked down truck kits to Simpson and Company of Madras. The credit is guaranteed by the Central Bank of India and Britain's Export Credits Guarantee Department (ECGD).

● Computer Sciences Company (CSC) has won a £1.6m technical support contract from IFS, a Swiss consortium developing the Swiss PTT national telecommunications network. Under the contract, CSC will assist in the project management and technical development of the network software over a two-year period.

Japan urged to cut car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK MOTOR manufacturers will suggest that the Japanese should cut their share of the British new car market to around 9 per cent this year when delegations from the two industries meet in Lisbon tomorrow.

This would compensate for Japan's overshooting of its expected market share in 1980, when it reached 11.9 per cent against the 10 to 11 per cent looked for.

The idea that the Japanese should reduce their market share in 1981 to bring the average for two years back to the 10-11 per cent level was first raised by Mr. John Nott while he was Trade Secretary.

It would involve a very steep drop in Japanese car sales this year, however. The UK market is expected to fall from last year's 1.51m to 1.42m. To keep within a 9 per cent share, Japanese car sales would have to be around 127,800, compared with the peak 185,000 in 1979

The Japanese Autobile Manufacturing Association (JAMA) has already given an undertaking that it will continue to take a "prudent" view of the British market in 1980.

This week's talks will return to this topic because the Japanese share of British light commercial sales—only 2.5 per cent in 1975 when the voluntary car restrictions started — reached 12.7 per cent in 1980.

Swiss watch exports increase

BY JOHN WICKS IN ZURICH

EXPORTS by the Swiss watch industry rose 8.9 per cent to SwFr 3.55bn (£794m) last year, the highest level since the SwFr 3.7bn booked in record year 1974.

The Swiss Watch Chamber points out that part of this 1980 increase was due to the jump in the precious-metal price. It was also, however, the result of a sharp rise in exports of electronic products and unassembled movements.

In volume terms, exports of watches and finished movements increased from 49m to 51m units last year with a value up from SwFr 2.73bn to SwFr2.9bn. Electronic models within this category showed a 50 per cent growth in comparison with 1979.

With pin-lever watches of the so-called "Roskopf" type stagnating at the previous year's low level and anchor watches and movements showing a slight decline, electronic products came to account for 20 per cent of all export volume and 31 per cent of export value.

Swiss exports of unassembled movements rose by 62 per cent to 32.7m units in 1980. A moderate increase was shown for deliveries of cases, dials, hands and movement components.

Swiss watch sales increased in all continents, with the exception of the small Australasian market with a drop of 9 per cent. The highest growth rates were those of 25.9 per cent in exports to Africa, 12.3 per cent in Asia and 10.8 per cent for Latin America. Exports to North America improved by 7.1 per cent and those to European countries by only 5 per cent.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Midlands group in Egypt deals

By Margaret Hughes in Cairo

A 15-MAN mission from the Birmingham Chamber of Commerce and Industry left here at the weekend after "a very successful" seven-day visit to Egypt, with several of the team picking up "substantial" new business which could total as much as £1m.

The companies represented on the mission included Perkins Engines, Oertling, William R. Selwood, Anteo International, Autoflow Sales, Barnet Motor Accessories and Brickhouse Broads International.

EXPORTERS AT WORK

Glass art attracts Arab buyers

BY PAUL CHEESERIGHT

"LOOK, I'M genuinely selling works of art. I'm not selling a plumbing system. When somebody asks me how much it is a square foot, I say you don't measure works of art by the square foot," declares Mr. Charles Clark, the owner, and managing director of Goddard and Gibbs Studios.

The art and commerce come together in the production of stained and decorative glass at the Studios in the inner London suburb of Shoreditch. There, a team of craftsmen use 20th century techniques to perpetuate a tradition going back to the Middle Ages.

"People say stained glass is just for churches, but that's not true," notes Mr. Clark, who promotes the use of glass to flood the inside of buildings with coloured light through windows of contemporary design.

The main focus of this promotion is the Middle East, where Mr. Clark spends about three months a year, especially in Saudi Arabia, Kuwait, Bahrain, Qatar, Abu Dhabi and Dubai.

It is a market which provides two sorts of outlet—the secular, in private homes and offices interested not only in windows but in domes and murals, and the ecclesiatical, where Mr. Clark has found it is possible to ally Islamic art to European craft.

"I bought the company on the feeling that one could create a market for stained glass with the Arabs," says Mr. Clark. And after eight months of banging on doors in 1978, when he took over the company from James Clark and Eaton, the family concern, he has found he was right.

In 1977, the year before Mr. Clark became directly involved in Goddard and Gibbs, turnover puttered along quietly at £180,000, mainly from the home market. Last year turnover was £750,000, of which 60 per cent came from exports.

"I had to increase turnover 50 per cent for three years to get a good return on investment," says Mr. Clark. "I just exceeded this."

His average export orde[r] worth about £20,000, but tw[o] window orders for Arab client[s] last year attracted charges o[f] over £100,000 and a mura[l] in an hotel also came to over [...],000

Mr. Clark, who dea[ls] ... marketing in Arab ... himself, is now ga[ining the] benefits of the early ... period of searching for c[lients] when he was supporte[d by] James Clark and Eaton. ... now got some pretty ... regular clients. There's ... Egyptian architect in S... from whom I've had for... in the past two or three ...

He is helped of course ... individual nature of ... and Gibbs' work. There ... many competitors se[lling] stained glass in the Ar[ab world] although, as Mr. Clark ... did meet a Frenchma[n] ...

In the secular area, "... leads to another, one ... leads to another," notes ... Clark. Design is the care ... Mr. John Lawson, the ... artist at Goddard and ... but the company also ... as a consultant Mr. ... Moustafa, a conten[porary] Islamic artist.

About 90 per cent o[f the] work is done in the UK a[nd] shipped out to be instal[led by] Goddard and Gibbs fitters. An[d] this means that the company ca[n] organise most of its payment[s] from clients by letter of credit

A Goddard and Gibbs window in a Riyadh palace. "People say stained glass is just for churches, but that's not true."

SHIPPING REPORT

Dry cargo rates move lower

BY OUR SHIPPING CORRESPONDENT

FREIGHT RATES in the dry cargo markets have softened over the last week but there has been a surprising amount of activity in iron ore movements given the recession

In the Atlantic the key U.S. Gulf/Continent grain rate for 60,000 tonners has slipped by about 50 U.S. cents per tonne to $19. Transatlantic coal rates have also moved slightly lower with serious congestion and frozen stocks of coal hindering movements at America's Hampton Roads.

There is no obvious explanation for the surge in activity in the iron ore trade. Galbraith Wrightson report that Sidermar, the Italian charterers, have been especially active. Generally, charterers have been favouring the larger vessels, and Galbraiths expect that a greater percentage of iron ore shipments this year will be carried in ships of 200,000 dwt and over.

In North America, the continued fall in the draft of the Mississippi river is causing extreme concern to grain and coal shippers. The drought conditions in the Mississippi valley are expected to lead to more closures of grain elevators.

Stockpiles in the Mid-Western states are now building up because of the problems in river transportation. One side-effect is that soyabean prices have fallen by 11 per cent over the last five weeks.

Looking longer term, shipowners remain enthusiastic about the prospects for steam coal shipments.

British food day for hungry world

BRITAIN is to hold ... food day on October 16 ... to draw attention to the 420m starving people.

The first world food d[ay] ... be held 36 years after th[e found]ing of the Food and Agr[icu]ltu[re] Organisation of the U...

World Economic Indicat[ors]

INDUSTRIAL PRODUCTION

	Dec. '80	Nov. '80	Oct. '80	Dec. '79	% change over previous year
U.S.	150.7	149.2	146.9	152.5	−1.2
	Nov. '80	Oct. '80	Sep. '80	Nov. '79	
U.K.	102.6	102.9	103.1	117.2	−12.5
W. Germany	120.4	116.6	115.5	121.2	−0.7
France	113.4	115.4	113.4	114.6	−1.0
Italy	128.8	125.4	125.7	126.8	+1.[illegible]
Japan	141.3	142.9	141.7	138.2	+2.[illegible]
	Oct. '80	Sep. '80	Aug. '80	Oct. '79	
Belgium	113.9	111.5	118.4	114.1	−[illegible]
Holland	111.0	108.0	111.0	112.2	−1.[illegible]

Source (all countries except U.S. ...

هكذا من الاصل

Row over error in block grants

BY ROBIN PAULEY

A ROW has broken out between civil servants at the Environment Department over who is to blame for a serious blunder in the structuring of the Government's new block grant system.

Because of the mistake, councils which have sold council houses are now being penalised.

The row erupted after Ministers discovered that, in their desire to persuade councils to charge economic rents for council homes, they have produced a formula which penalises thrifty councils that have kept their expenditure and rent levels low. This is particularly the case among councils which have also followed the Government's policy of selling their housing stock to tenants.

Most of the councils affected are Conservative-controlled shire districts and some metropolitan districts. As the scale of the mistake has unfolded, more and more councils have been protesting to their local authority associations, MPs, and the Government.

Ministers outside the Environment Department are said by officials to be "aghast" at the prospect of another blast of anger from Tory supporters up and down the country so soon after the initial upset caused by the introduction of the block grant legislation.

As Ministers began to ask how a system that penalises councils for following Government policy could have got throuhg, civil servants started blaming each other. The grant officials blame the housing officials for inadequate and misleading advice. The housing group replies by charging that the offending factor should not in the first place have been included in the calculations.

The problem arises in one of the most complicated parts of the process of assessing a council's entitlement to grant based on the Government's assessment of how much it should spend.

The arithmetic dealing with profits and deficits on the housing revenue account (HRA) assumes that future interest on mortgage payments resulting from council house sales will put an authority into substantial profit.

This income counts as a contribution to the rate fund, depresses the Government's grant-related expenditure assessment for the council and therefore leaves it with a smaller grant entitlement than it would have received, had it not sold any council houses.

An analagous problem applies to council house rents. The calculation assumes councils will charge an average rent for the region. Those charging below the regional average get a lower assessment and less grant. They will have to make up the difference by increasing rates or by putting up rents.

Many Tory councillors and MPs are furious that local authorities are being penalised for prudent financing avoiding extensive new council house building programmes and enabling costs—including rents—to be kept down.

They will now need to charge much higher rents to make sure the expenditure assessment—and consequently grant entitlement—is higher in 1982-83. This is another example of a feature of block grant which is unexpectedly turning out to be inflationary.

Councils with high rents and high levels of expenditure are not penalised under this formula. So Lambeth, for example, which has repeatedly ignored Government requests for rent rises and is not making great haste to sell council houses, does well in this part of grant allocation because its rents are high compared with the regional average.

Thrifty councils with low expenditure and rent levels which are low simply because they do not need to be any higher, are penalised. Wycombe, Bucks, loses all its grant through this mechanism. Eastleigh, in Hampshire, loses about one-third.

Nearly all the new towns are severely hit.

The Government is apparently trying urgently to find a way to get itself off the hook and avoid the political embarrassment of discriminating against councils that have followed Government policy diligently.

'Two out of three MPs are graduates'

Financial Times Reporter

TWO OUT of three MPs are university graduates, Mr. Dermot Englefield, deputy librarian at the House of Commons, reports in his book Parliament and Information, published today.

Mr. Englefield, in an analysis of MPs' educational background, says 240 went to Oxford or Cambridge Universities.

Some 52 MPs went to Eton. Another 178 MPs went to other public schools, of these 154 were Conservatives, 20 Labour, and four Liberals.

Altogether 125 MPs were educated in elementary and secondary schools and 198 in grammar schools.

Of the 125 in secondary schools 112 were Labour and 13 Conservative. A total of 90 Tories went to grammar schools and 108 Labour MPs.

A total of 56 Labour MPs went to technical colleges and similar institutions against 27 Conservatives.

Consumer appliance profit margins fall

BRITISH manufacturers' share of the home consumer appliance market fell from 84 per cent in 1970 to 54 per cent in 1978 according to a report published yesterday by ICC Business Ratios.

Between 1976 and 1979 profit margins fell from 9.2 per cent to 8.2 per cent. The average return on capital of 99 companies surveyed was 19.9 per cent in 1976-77, 18.5 per cent in the following year and 19.3 per cent in 1978-79.

Lack of transport liaison criticised

AN apparent lack of co-operation between British Rail and London Transport, in the planning of proposed cuts to services in South London, has been criticised by the London Chamber of Commerce.

In a memorandum to British Rail the Chamber criticised the proposed cuts which are to be made in Southern Region rail services. London Transport's budget also envisages cuts. But, said the Chamber, there was no indication in BR's announcement of a concentration of the resources of the two networks.

Beer output likely to continue falling

THE BREWING industry's sharp drop in production in the last half of 1980 could be the start of a long period of decline, according to an industry commentary published this week.

Brewers will need to diversify and reduce brewing capacity, Mr. Alan Evans, of stockbrokers Panmure Gordon, says in the Jordans Brewing Industry Survey. Beer production is likely to continue its eight-month fall during the first half of this year with a depressing effect on company profits.

New benefit claim system attacked

IN the first month's operation of the new supplementary benefits scheme at the end of last year many claimants did not know their rights and often benefit officers did not either, says a study published today by the Child Poverty Action Group of the Citizens Rights Office.

These findings, says the group, present a stark contrast to the Government's claim that the new system would be simple and straightforward, giving claimants clear, legally-defined rights.

Call for increase to aid children

CHILD benefit should, at the very minimum, be increased by 50p a child per week from the present £4.75 in order to prevent a further cut in its real value, the Child Poverty Action Group argues in a pre-Budget memorandum today.

The group, a research and lobbying organisation on poverty, maintains that "if the Government wishes to salvage its tarnished reputation with regard to child benefits, it should take as its target the restoration of the benefit's April 1979 value. This would mean an increase of 95p.

Extra lorry tax 'would be illogical'

IMPOSING additional tax on heavier lorries would be "illogical and unjusified," the Road Haulage Association has told the Government.

Commenting on the Armitage report on Lorries, People and the Environment, published in December and recommending such a tax, the RHA says the result would be an adverse effect on the economies of vehicles. The tax call, it says, went against the main thrust of the report's recommendations.

Gas bill cuts for industrial users

BY SUE CAMERON

BRITISH GAS is cutting the gas bills of more than 500 of its industrial customers by up to 6p a therm. The move is expected to cost about £10m and is the first significant concession made to manufacturers during the protracted row over UK energy prices.

A few companies will have as much as £20,000 lopped off their gas bills for the current quarter and a larger number will save around £10,000. Most of them expected to pay 40p to 41p a therm for their gas this quarter but British Gas has decided to knock down the price to only 29p a therm.

The change in pricing policy has been made in response to pleas from the Government. Last November, Mr. David Howell, the Energy Secretary, announced that he was asking the corporation to "soften" its prices to new contract customers.

He said the Govenrment would make appropriate "adjustments" to the financial targets it set for British Gas to enable this to happen.

The cash limits imposed on the corporation—which in the case of the highly profitable British Gas means the money the corporation has to "lend" to the Government — have accordingly been cut from £400m in the current financial year to £390m.

Mr. Howell's announcement in November came after mounting protests from manufacturers, which claimed they were paying more for their energy than their competitors on the Continent.

The 500 or so companies which will benefit from the new lower gas prices represent more than 10 per cent of all British Gas industrial customers.

Every one of the 500 has become a British Gas customer within the past three years. Up to now the corporation's policy has been to charge its new contract customers the full equivalent of the gas oil price. After that they go on to "renewed" contracts and are charged only some 75 per cent of the gas oil price.

Gas oil is used to make heating oil and over the past 18 months its price has risen sharply in line with that of the crude oil from which it is made.

British Gas has now decided that its new contract customers will only pay the full equivalent gas oil price for one year. They will then be charged at the same rate as customers on renewed contracts.

New contracts had price escalation clauses built into them so that charges went up in line with gas oil. British Gas has admitted that on the Continent very few companies buying gas for the first time pay as much as their UK counterparts.

It fells its new policy will remove one of the main causes for grievance over energy prices on the part of UK manufacturers.

The lower prices will be applied to all new customers whose contracts with British Gas were a year or more old an January 15 — the date of the last rise in the scheduled gas oil price.

British Gas says most of the 500 will benefit immediately but a minority will have to wait until later in the year.

The scheduled price of gas oil rose to the equivalent of 45p a therm on January 15 but the major oil companies normally give discounts to most industrial users. The actual price paid is therefore in the region of 40p a therm and it is this net price to which gas prices are linked.

The majority of British Gas new contract customers have already been told of the change in pricing policy.

Industrialists on renewed contracts, who are currently paying an average of 29.3p a therm for their gas, will not benefit from the change.

Companies Bill faces Commons challenge

By Andrew Fisher

THE GOVERNMENT is expected to publish the next Companies Bill this week, probably on Wednesday, but is likely to be challenged by both Conservative and Opposition benches on some clauses and omissions.

The Bill's main purpose is to implement the Fourth EEC Directive, on company accounts. Adopted in Brussels in July, 1978, the directive is supposed to apply in member-countries by January, 1982.

But the Government has decided not to include provisions to prevent secret purchases of sizeable stakes in company shares, of which there have been several lately. These could be included later.

The Government has said that it is considering ways of tightening the law on disclosure after De Beers, the South African mining company, clandestinely built up a holding in Consolidated Gold Mines.

The Government still awaits a report by Department of Trade inspectors into Dunlop Holdings, where Malaysians acquired a 17.5 per cent holding, also, initially, in secret.

If pressure of time and drafting problems prevent the Government from dealing with disclosure, said Mr. Stanley Clinton Davis, Labour spokesman on company law, "we would be deeply concerned."

The Opposition tried unsuccessfully to have the matter dealt with while last year's Bill neared its final reading, as the De Beers buying became apparent.

Also likely to be opposed from both sides of the Commons is the proposal to abolish on cost grounds the Registry of Business Names which gives the ultimate ownership of companies.

Parliamentary Diary, Page 19

Airlines start fight over Australia route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE for cheaper fares on the UK-Australia air route opens in London today. The independent airlines, British Caledonian Airways and Laker Airways, apply to the Civil Aviation Authority for rights to fly the route at rates up to 40 per cent cheaper.

British Caledonian seeks rights from Gatwick to Perth, Adelaide, Melbourne and Brisbane, with fares ranging from £175 single.

Laker seeks rights from Gatwick to Sydney, Melbourne and Perth, at fares ranging from £265 single for an excursion ticket.

Laker is interested in flying on the New Zealand, then the U.S. via Fiji and Honolulu to San Francisco or Los Angeles.

Both technical stops—that is, to refuel and revictual—but not pick up passengers at Middle East or South-East Asian cities.

British Airways is expected to submit its toughest response to any independent airline's bids for new routes. It believes the attacks on it have gone far enough. It is time the Government realised that, with the airline's prospective losses of £100m this financial year, further erosion of its routes would be disastrous.

British Airways says the Australian route is flown with Qantas of Australia on a 50-50 basis. If additional UK airlines are allowed on the route, their traffic will have to come out of the UK share.

The Australian Government and Qantas have indicated that they do not favour any diminution of Qantas' share.

However, several Australian State Governments have indicated that they support the plans for cheaper fares, especially British Caledonian's.

The Civil Aviation Authority has set aside 13 days to hear the case through February.

● Dan-Air, the UK independent airline, has applied to the Civil Aviation Authority for rights to fly a scheduled daily service between Gatwick and West Berlin, using One-Eleven jets or Boeing 727s.

● The British Airports Authority last year handled nearly 42.8m passengers at its seven airports — Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen. This was 1.1 per cent more than in 1979.

Traffic at Heathrow fell by 1.8 per cent to just under 27.5m. At Gatwick, it increased by 11.6 per cent to more than 9.7m, illustrating the Government's success in encouraging more airlines to make greater use of that airport and ease congestion at Heathrow.

Poultry processors hit

HALF OF Britain's poultry meat processors may be forced out of business this year, the British Poultry Federation, warned yesterday.

Later this month, the Federation is mounting its first all-party lobby of MPs to persuade the Government to save the industry.

Even the companies which survive will still be at a disadvantage against EEC competitors because of the costs of administering EEC hygiene inspection laws, the Federation said.

Under EEC laws British processors have to pay the cost of the hygiene inspections, which can add 2p to the price of each of the 400m birds slaughtered in Britain each year. European competitors have many of these inspection costs paid by their Governments and are able to undercut UK prices.

Industry fights to curb heavy increases in rates

BY GARETH GRIFFITHS

INDUSTRY stepped up its battle against heavy rate rises at the weekend in the West Midlands and Sheffield with warnings that future rate increases will lead to more redundancies.

Both the West Midlands Confederation of British Industry and the Birmingham Chamber of Industry and Commerce expressed concern at the impact of rate rises. The chamber said that West Midlands companies had "catastrophic" current order levels and profitability so any increase in industry's overheads would be only at the cost of jobs.

Mr. Robert Fordham, chairman of the chamber's industrial affairs committee, said that if local authorities kept spending, more companies would be put out of business.

West Midlands industry risked being "irrevocably damaged" because of rate rises. Mr. David Richards, chairman of the CBI West Midlands rates working party, said in a letter to the leader of Birmingham City Council.

The Federation of British Engineers' Tool Manufacturers and the Federation of British Hand Tool Manufacturers have asked their member companies to lobby local councils over rate rises. Both federations have written to Sheffield City Council to warn that several companies could go out of business if a proposed 42 per cent rate rise this year goes ahead.

UK NEWS

The quiet German persuading Nissan to make cars in Britain

Kenneth Gooding traces the career of Datsun UK's millionaire agent

MR. OCTAV BOTNAR, the German who became a multi-millionaire by selling Japanese cars to the British, played a vital role in Nissan's decision to consider the UK as a base for a European car manufacturing plant.

He set up Datsun UK in 1970, two years after the first Datsun cars—then completely unknown in Britain—reached the market.

Since then, he and his very small team of executives have pushed Datsun's sales up to a peak in 1979 of 102,395 cars plus 8,165 commercial vehicles.

The latest available accounts show that for 1978, when it sold fewer vehicles, Datsun UK had assets worth £97.6m, a turnover of £252m and taxable profits of £24m.

Mr. Botnar, who shies away from publicity, is 67. He first arrived in Britain from Germany in 1966, sent by the old NSU company to reorganise its British operations.

He had considerable success, boosting sales of NSU cars from 1,500 to 10,000 a year by 1969. Then came a series of mergers in Germany which ultimately involved Volkswagen controlling NSU and VW's British distributor taking over the franchise.

Mr. Botnar then formed Datsun UK. Although a modest man, he is credited with having a direct say in practically every operation within the business since the day he launched it.

He has also gained a reputation for being exceptionally tough with his dealers but they have accepted this style because many of them have become rich as their businesses grew along with Datsun UK.

In spite of the problems associated with the voluntary restrictions on car shipments from Japan since 1975, Datsun now accounts for between 6 and 7 per cent of new car sales in the UK and has been the leading "traditional-style" importer for some years.

This provides Nissan with its best sales by far in any European country and makes a British assembly plant worthwhile.

Some industry observers reckon Datsun could push its market share up to at least 10 per cent once locally-produced cars become available.

In 1979, the dealers sold more cars through each outlet—270—than any other manufacturer's network with the exception of Ford's, where the figure was 391 per outlet.

Datsun UK has been highly profitable and, as the major shareholder, Mr. Botnar has benefited. Because he never set up permanent residence in the UK, he was able to move his money overseas at will.

However, in spite of Datsun UK's performance and the expectation of even higher profits if local production begins, Nissan is highly unlikely to want to acquire the business. Its policy has been not to own its own import companies outside Japan.

For example, when two years ago the Datsun import concern in Switzerland got into some trouble with a falling market share and financial difficulties, Nissan asked Mr. Botnar to try and put it right.

This task has helped keep him occupied during the past two years when he found the clamp-down on car shipments to the UK from Japan frustrating.

Now he has another project on his hands: helping Nissan decide to manufacture its cars in Britain.

Duport to meet Joseph over steel plan delay

BY RAY MAUGHAN

MR. ERIC SAYERS, chairman of Duport, the troubled engineering holding company with big steel interests, is to have talks with Sir Keith Joseph on Tuesday when the Industry Secretary returns from a three-day visit to West Germany.

Also present will be Mr. Edward Du Cann, chairman of the backbench Conservative 1922 Committee, head of the all-party Treasury and Civil Service Committee and through his involvement with Lonrho, a director of the Sheffield steel group, Dunford and Elliott.

The company sent a letter to Sir Keith last Thursday with a covering note from Mr. Du Cann. The letter is understood to express Duport's disquiet at the delay in implementing a comprehensive scheme for producing and marketing special steels by both the private sector and the British Steel Corporation.

Duport's request for a ministerial meeting anticipates a settlement of Phoenix II, the broad-ranging discussions designed to integrate all public and private steel manufacture in Britain.

A recent two-hour meeting between Duport and Mr. Norman Tebbit, Minister of State, Industry, has apparently failed to convince the company that the Government is resolved to commit funds to the special steels scheme. In the meantime, Duport's share price fell last week, halving on Thursday to 7p, at which point the group had a stock market value of under £3m. It later recovered to 11p.

Mr. Sayers made his views plain last October when the group results for the half-year to July 31 were published. Duport then reported a loss of £4.5m against a corresponding pre-tax profit of £4m and the group expected to make about 1,600 of its workforce redundant over the year to bring the UK payroll down to 6,000 by the end of last month.

He said the Government was responsible for "over-valued sterling, high interest rates and ill-disciplined public sector spending. It is disturbing that as a company that has invested substantially over the past few years, we find ourselves in a position of having excellent and well-managed facilities that are dramatically under-utilised."

Receipts of building societies soar again

By Michael Cassell

BUILDING SOCIETIES had another excellent month in January, with net receipts again rising much higher than expected.

The societies were surprised when net receipts in December rose to £448m, exceeding forecasts by about £100m, one of the highest monthly totals for three years.

They said that the unexpectedly large rise in receipts from November's £285m could not be expected to be sustained in January, and suggested net intake from investors might reach £400m.

Provisional results indicate, however, that the December figure has been repeated, and perhaps passed.

January is normally a good month for savings, but the societies expected to be hit by both the reduction in their own interest rates and the raised investment limits for the 19th issue of National Savings certificates. Neither has apparently had any measurable effect on inflow.

Net receipts this month and in March were expected to run at about the £400m level, though this figure may now prove a little conservative.

Such large net receipts will help *maintain the societies'* high lending programme, with monthly advances and mortgage commitments running at about £1bn.

With the prospect of declining short-term interest rates the societies expect volume of savings going into accounts to rise further, though the extent of future competition from National Savings may have an impact.

In 1981 the societies expect to make about 740,000 advances, against 715,000 in 1980.

That total would be the second highest recorded, beaten only by 804,000 in 1979. To finance such a programme the societies expect to lend between £11.5bn and £12bn.

The societies probably came close to meeting mortgage demand in the last quarter of 1980, but housing market activity has increased in the New Year. Despite high levels of projected lending house prices are not expected to rise rapidly.

The many unsold properties are maintaining a buyers' market, and prices are likely to remain depressed if real incomes show no growth. An increase in average prices of about 10 per cent is projected, a near-repeat of the picture for 1980.

● Mr. Richard Weir, new head of the building societies, accused the Government yesterday of unfair competi*tion amounting to almost* "an abuse of power" in the battle to attract the cash of savers.

By declaring that it would raise the cash it needed "by hook or by crook," he said the Government was speaking with the "voice of the monopolist."

Investors sought to rescue Bristol port

BY WILLIAM HALL, SHIPPING CORRESPONDENT

HAMBROS, the City merchant bank, has approached several investors about taking a substantial stake in the Port of Bristol, which is expected to lose £10m in the current financial year and more next year.

Bristol has lost £25m over the last four years. It is owned by the council and its losses are a heavy burden on ratepayers. Unlike London and Liverpool, which are also facing financial difficulties, Bristol cannot get aid from the Transport Ministry which is responsible for most of the ports.

The introduction of private capital is viewed by many as a last ditch effort by Bristol to remain an international seaport.

Bristol port's traffic has been cut sharply because of the recession and it has heavy financing charges associated with the construction of the £40m Royal Portbury Dock opened in 1977. The port has debts of close to £60m.

Two of Portbury's six berths have been completed but there is no more money to develop the rest. Their total cost was £25m. Until all are completed, there is little likelihood of Portbury making profits.

Bristol City Council aproached several merchant banks last September to see if they could provide a solution to the port's financial problems. Hambros was chosen.

Hambros is not saying who it has approached in the last fortnight. It is understood to have been investigating the possibility of interesting port operators, shipping companies and transport and warehousing groups.

No decision has been taken about the size or form of private investment as the council wants to be flexible.

The intention is that a statutory company will be established which will own Portbury and Avonmouth docks. The council will sell a stake in the company and use the proceeds to reduce its borrowings. Some of the money may be lent back to the new company in the form of debentures to help finance it.

At the end of March last year, the port had capital employed of £55m, revenues of £20m and handled 4.8m tonnes of traffic.

Banks must disclose all loans to their directors

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BANKS will be required to disclose details of all loans to their directors this year, under provisions of the Companies Act, 1980. The disclosures will be in a statement open for inspection by shareholders for 15 days before the banks' annual general meeting.

The disclosure requirement seems to have come as a surprise to several banks and finance houses. In some cases it has come to light only as auditors moved in for the year-end audit.

The 1980 Act is intended to set a limit on the extent of lending on beneficial terms by banks and other deposit-takers to their directors. It calls for disclosure to shareholders of individual loan details in a statement to be available for inspection. Aggregate figures will be included in every bank's annual report.

Because of anomalies in the Act some banks may well disclose significantly different information from their competitors.

One interpretation of the Act is that banks need disclose in the register only details of loans in the past year.

Talbot and Peugeot join sales

By Kenneth Gooding

MR. FILMER PARADISE, the flamboyant American who was a well-known UK motor industry figure in the 1950s and 1960s, *is to head the combined sales* and marketing team of Talbot and Peugeot in Britain.

The operations of the companies, both subsidiaries of Peugeot S.A. of France, are being merged throughout Europe in an attempt to regain market share while cutting costs.

In the UK, Talbot with a 6 per cent market share, is in effect absorbing Peugeot, which has 1 per cent.

The Talbot domination of the combined companies was highlighted in management changes announced at the weekend. Only one senior Peugeot UK executive was named in the new team.

He is Mr. Christopher Hore, former director of vehicle sales for Peugeot UK, who becomes assistant sales director-staff, responsible for franchising, dealer relations and administration.

Mr. Henri Hassid, former managing director of Peugeot UK, seems likely to take up another post within the Peugeot group but outside Britain.

Mr. Paradise, 61, is assistant managing director responsible for sales and marketing of Talbot UK and his title has not changed as a result of the latest moves. He continues to report to Mr. George Turnbull, the chairman of Talbot UK.

His deputy is Mr. Robert Wood, now sales and service director.

The other two appointments announced at the weekend were *Mr. Mike Otty as assistant sales* director - operations, responsible for the eight new regional sales offices being set up by Talbot UK, and Mr. Roger Johnson, who becomes chief executive of Robbins and Day, and takes charge of the company's own retail outlets.

Fair Trading Office looks at toymaking industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TOY INDUSTRY, with retail sales of more than £700m a year is under close scrutiny by the Office of Fair Trading for signs of anti-competitive or monopoly practices.

The toy trade experienced a poor Christmas sales period. Airfix Industries, one of the biggest toy makers called in Receivers last week.

The OFT's informal investigation follows a wide-ranging Price Commission report 18 months ago into prices, costs, and profit margins in the industry. It drew particular attention to increasing power of multiple stores in selling toys, with large discounts from manufacturers.

The Commission said that the multiples' "increase in market share may lead to a reduction in the number of outlets selling toys and games and to a reduced choice to the consumer."

It added that "smaller manufacturers, if unable to meet the promotional and volume requirements of the large multiples, are likely to be faced with a shrinkage in the number of outlets for their products, and entry into manufacturing may become more difficult."

Manufacturers' discounts to retailers have been under study by the Monopolies and Mergers Commission for three years. The report is expected in a few weeks.

If the OFT investigations uncover other practices warranting further investigation, it can mount a formal probe under the new Competition Act, or ask the Commission for a short-term study.

Jobless rate may slow by mid-year, say brokers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNEMPLOYMENT growth rate should slow towards the middle of the year, but the adult total could reach 2.6m to 2.7m by year end, stockbrokers Phillips and Drew say today.

This would imply an unadjusted figure, including school-leavers, aproaching 3m. By the year end more than 1½m jobs are likely to have been lost.

The proportion of unemployed joining the register has been much lower than in 1974-75. Official figures under-estimate the true level of unemployment by 250,000 to 500,000.

Staniland Hall Associates, business consultants and forecasters, *project adult unemploy*ment at nearly 3m during 1982.

They expect real Gross Domestic Product to fall by 1.3 per cent this year, but to rise by 2.7 per cent in 1982.

Barclays Bank says the view that *1980-81* saw *excessive* monetary expansion may be *premature. Despite higher pub*lic sector borrowing forecast for the year, money supply could decline over the next four months.

Public sector borrowing in 1981-82 may be about £11bn and net fiscal changes equivalent to about £1bn may be necessary.

Stockbrokers Simon and Coates expect public sector borrowing to be £12.8bn in the current financial year and £13.9bn in 1981-82. Both estimates are before taking account of the proceeds of sales of assets.

● Government *monopoly* in creating money is the central problem in inflation, two *prominent U.S. economists say.*

Professors Geoffrey Brennen and James Buchanan of Virginia Polytechnic Institute say governments are "malevolent despots" which must be restrained by rules *under a monetary constitution.*

Lombard, Page 10

Employee travel costs

THREE QUARTERS of the companies which pay *their* workers a mileage allowance for using their own cars on company business are being subsidised by them a survey claims.

The survey, by the Labour *Research Department*, an independent trade union organisation, examined the travelling allowances and arrangements made by 150 major UK employers. It found that 65 out of 73 employers making mileage payments paid less than the estimated running costs calculated by the AA and the RAC.

But it also finds that a third of employers provide either subsidised buses for their workforce, or *some* assistance with public transport fares.

The survey is intended for the use of trade union negotia*tors and appears in the Depart*ment's journal "Bargaining Report," published today.

RAC late night patrol in Kent

AN RAC "Dover Patrol" is being introduced in Kent this summer to speed up assistance to motorists who may break down while heading for the late night cross-Channel ferries.

The patrols will operate for an experimental period on Fridays and Saturdays during the peak holiday months and will be located at strategic points from where they can be directed easily by radio to stranded motorists.

Gilts issues will be used to spice market

BY CHRISTINE MOIR

THE SUCCESS of the first convertible gilt-edged stock since 1973 last week is unlikely to tempt the Bank of England into employing this instrument to the exclusion of more traditional issues, says Lord Cromwell who becomes Government Broker in April.

Rather, he says, it will be used to "add spice to the market" and maintain the institutions' appetite for Government stock.

He is clearly less than happy with the prospect of a change in the traditional procedure by which Government sells its debt. At present it offers stock for sale and the amount not taken up at issue is released into the market later by the Government Broker as a "tap" controlled by the Bank.

There is some discussion about the possibility of replacing the offer and tap system with a regular monthly auction at which Government would raise the full sum it requires for its public borrowing needs.

Lord Cromwell doubts whether it is possible to be precise about the level of those needs on a monthly basis and believes "enormous errors" could creep in.

Trade-weighted index

BY DAVID MARSH

THE Bank of England introduces a new index today to measure the trade-weighted value of sterling.

The index, which includes a lower weighting for the dollar than the old *one, slightly* increases the appreciation of sterling the past year compared with the calculation used up to now.

This is because the pound, which is near its highest for about six years on an overall basis, has appreciated lately even more against European currencies, whose weighting in the index becomes more important than against the important dollar.

The innovation involves two basic changes. The old calculation, founded on a base of December 1971 = 100, is updated to a base of the average of 1975 = 100.

The weightings change involves a reduction in percentage weight of the dollar to 25 per cent, from 33 per cent, and an increase in those of other currencies, notably the Irish punt, yen, guilder and lira.

Based on the new index, sterling showed an appreciation of 12.7 per cent in 1980 (fourth quarter 1980 versus fourth quarter 1979). This compares with the rise of 12.2 per cent under the old index.

Vauxhall dying, say unions

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CAMPAIGN to tell MPs and industrialists about "the slow demise" of Vauxhall, General Motors' UK subsidiary, has been launched by the motor industry trade unions.

They say GM is spending about £1bn to increase car and component manufacturing capacity in Europe, yet Vauxhall has been allocated only £25m since 1978.

Of this, £5m was manufacturing investment. The rest was for plant to assemble cars from Vauxhall's sister concern, Opel, in Germany.

Vauxhall's workforce, more than 75,000 in the early 1970s, is down to 33,000 and will be reduced to 23,000 when the job cuts programme is completed later this year.

The unions believe GM's ultimate target is 12,000, but can get no official confirmation.

They suggest the employment run-down could have far-reaching effects on "Vauxhall motor towns," in particular Luton and Dunstable, Beds.

The campaign concentrates on ensuring that Chambers of Commerce and industrialists in those areas have as much information as possible about GM's plans and the drop in Vauxhall's workforce and output — down from 249,000 vehicles a year in 1974 to below 150,000.

AEUW-TASS is co-ordinating the campaign.

The Vauxhall Motors Trade unions liaison committee, which includes representatives from the Ellesmere Port, Merseyside, plant, met 12 MPs from the constituencies where the plants are sited.

They urged the MPs to press the Government to insist that Vauxhall cars for sale in Britain have a minimum content of UK components and manufacture.

It said there should be reciprocal trading between GM plants to encourage more manufacturing in Britain.

Civil Service staff ready to act

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT and the nine Civil Service unions have prepared separate strategies for action in readiness for what could be a test of strength in a campaign of industrial action from next month over an expected 6 per cent pay limit.

The co-ordinating Council of Civil Service Unions will not take a final decision on action until the end of this month, but the broad strategy has already been determined.

Following a one-day strike in the service, the unions aim to have 1,000 to 2,000 civil servants out on strike in selected computer and other key centres as part of a campaign of local lightning stoppages.

The unions have calculated that their finances will bear this. Strikers will receive 85 per cent of their gross pay. Union leaders believe they have firmly committed some £3m-£3.5m to fund the action.

One union—the Society of Civil and Public Servants—begins today collecting a voluntary strike levy of £2 a week from its 100,000 members, and the Inland Revenue Staff Federation starts its levy next week.

Almost one third of the money will be supplied by the largest union—the Civil and Public Services Association—which has about £1.25m committed for the action. It estimates that if the other unions meet their commitments, the campaign can be funded for about 15 weeks.

Foremost among Government options to combat the action is a plan to halt the check-off system by which union dues are automatically collected.

Basnett call to fight job losses jointly

By Our Labour Staff

TRADE UNION leaders' hopes for a united union front to help a future Labour Government fight unemployment were underlined at the weekend, when Mr. David Basnett, chairman of the TUC Economic Committee, called for more joint union action to create jobs.

Mr. Basnett, who is general secretary of the General and Muncipal Workers' Union, said at a conference at Pontypridd on Welsh unemployment, workers could create 150,000 new jobs by working less overtime and 500,000 by a shorter working week.

LBC discussions on redundancies

LONDON BRICK COMPANY, responsible for over 40 per cent of brick output, will discuss redundancies with the trade unions. It employs 7,000 men in Bedfordshire, Cambridgeshire and Buckinghamshire, which normally make 60m bricks a week enough for 5,000 houses.

Production is badly hit by the recession in house building, now at its lowest level for 30 years. The workers have been on a four-day week since October.

Seamen's death rate 'industrial murder'

BY PAULINE CLARK, LABOUR STAFF

SEAMEN faced "a situation equivalent to industrial murder," the National Union of Seamen said yesterday after analysing death rates between 1964 and 1978. The union wants the Department of Trade's role as overseer of health and safety reviewed.

Claiming that the incidence rate of deaths from accidents at work per 100,000 for seafarers in 1978 were 35 times higher than in manufacturing industry, the union has sent details of its findings to the Health and Safety Executive.

It hopes the Department's role in setting standards of safety at sea will be given to the executive, which is responsible for standards set in most other big industries.

The incidence rate of 109 deaths due to accidents on board ship in 1978 compared with 37 in 1964 and 55 in 1974.

Moreover, the report showed that the 1978 rate was 35 times higher than in manufacturing, 10 times higher than in agriculture, nine times higher than in construction and four times the rate in coalmining.

Mr. Jim Slater, NUS general secretary, said: "This report shows what our present dispute is all about. The shipowners keep wages low, won't pay proper overtime rates—and then expect our members to work all hours and any hours at any time. No wonder the fatality rates for seamen are disgracefully high."

Linwood campaign plan

SHOP STEWARDS at Talbot's Linwood car plant were completing plans at the weekend for a campaign to save it from a possible shutdown.

Details of the campaign, which will seek the help of MPs, will be made known early this week.

The shop stewards' action follows reports that Peugeot-Citroen Talbot's French parent company will announce in four weeks their intention to shut down the Linwood plant where the 5,000 workers are on a three-day week.

The shop stewards will again ask MPs to remind the Government of Peugeot-Citroen's statement of intent when it took over the UK operations to maintain Linwood in production.

Mr. James Livingstone, convenor of Linwood shop stewards, said yesterday: "We shall be doing everything in our power to prevent a shutdown."

Building and Civil Engineering

£6½m London office block

THE CONTRACT for a seven-storey office block of 70,000 sq ft to be built at Dawsons Corner, City Road, and Provost Street, London, N.1, has been awarded to Kyle Stewart by the National Insurance and Guarantee Corporation (a subsidiary of The Heron Corporation).

Valued at £6.5m the two year contract is just starting under the direction of architects Ernest S. Boyer and Partners, and is due for completion in 82 weeks. Letting agents are Edward Erdman & Co. and Jones Lang Wootton.

Hillards Supermarkets, the West Yorkshire based supermarket group, has awarded a contract valued at £700,000 to Kyle Stewart for alterations and extensions to its supermarket in Northampton. The architects are Barker Hammond and Cox, and work, just started, is scheduled to be completed in 35 weeks.

£4½m for Rush and Tompkins

NEW PROJECTS worth a total of £4.54m have been started by Rush and Tompkins.

At £345,000, the largest contract is an environmental revitalisation scheme for the City of Glasgow District Council. The work is being undertaken as a management contract and involves repainting and other external works to improve the appearance of a large number of local authority homes in the Easterhouse district of Glasgow.

A close second is a sheltered housing contract at Greenock, Clydeside for the Kirk Care Housing Association. This £843,000 project will provide 31 elderly persons' units together with accommodation for a warden and recreation facilities.

Four of the new jobs are in the south-east. At Dukes Park Industrial Estate, Chelmsford, the company has started an £818,000 contract for 15 nursery units ranging in size from 186 square metres to 335 square metres. These are for Rush and Tompkins Developments. A 1,932 square metre block at Dukes Park, being developed jointly with the Carroll Group, has also been started under a £442,000 contract which includes roadways.

Other work in the south east includes a £600,000 design and build contract at Portslade, Sussex for Hambro Life Property Fund Management. This is for four factory units. A £571,000 supermarket for the Frampton Property Companies is under way at Larkfield, near Maidstone, Kent.

In the north east, Rush and Tompkins has just started work on a £245,000 depot for British Gas at Burradon, Newcastle upon Tyne and it is also upgrading old peoples' accommodation at ground and first floor levels at the Sisters of Nazareth's Home in Middlesborough under a £198,000 contract.

New awards keep Monk busy

SEVEN CONTRACTS totalling more than £4m have been awarded to A. Monk and Co. The largest, worth £2.1m, is for the construction of a warehouse, offices, roads and hardstanding at Whittlesford, Duxford, Cambs., for Ciba-Geigy Agrochemicals.

At Ecton Brook, Northants., Monk's housing division is to build 49 old people's bungalows, roads and drainage for the Northampton Development Corporation under a £753,186 contract.

At Warrington a steel-frame four-storey extension to an existing powders building for Lever Brothers is to be built under a contract worth £606,803.

At Easington, Co. Durham, Monk is to undertake a £451,774 contract to reshape eight hectares of land, lay sewers and land drains, and build a road.

Macclesfield Borough Council has accepted a £182,179 tender from Monk for the demolition of viaducts, the construction of a lorry parking area, the conversion of existing offices, and landscaping.

The Welsh Development Agency has placed a £64,082 contract for site preparation work at Treorchy, Glamorgan and Head Wrightson Teesdale has placed a £24,481 contract to erect a reinforced concrete radiography building at Stockton.

Several jobs for John Lelliott

CONTRACTS totalling more than £2.9m have been awarded to John Lelliott for work in London and Slough. Work has begun on a four-storey office for the Royal Insurance Company at 13-15 Folgate Street, London E1. It will be of reinforced concrete framed construction, with blockwork cavity walls and outer facings of brick. The fourth floor will have a lead-covered mansard roof and lead-covered dormers. Valued at about £860,000, the contract is due for completion in 18 months.

At 12-20 Camomile Street, London EC3, alteration and refurbishment is to be carried out for H. Clarkson and Company under a five-month contract valued at £900,000. It includes new electrical, heating and ventilation services on five floors and the installation of computer floors.

At 21 New Street, Bishopsgate, EC2, structural alterations and the installation of a new lift shaft and staircases are to be carried out for Straker Brothers under a £675,000 contract due for completion next August.

Hambro Life Assurance has commissioned Lelliott to make alterations and improvements fo a building on the Pasolds site in Station Road, Langley, Slough, under a contract valued at about £496,000.

Gleeson to build a dam

GLEESON Civil Engineering has been awarded three contracts, the largest at £5.5m being the Colliford Dam for the South West Water Authority. Consulting engineers are Babtie, Shaw and Norton.

The next largest is in connection with the River Mole flood alleviation scheme. Worth £2.3m, it has been awarded to the company by the Thames Water Authority. Work has just begun. Consulting engineers are C. H. Dobbie and Partners.

Gleeson has also been awarded a contract on the Queenborough by-pass, by Kent County Council, with a tender value of £2.1m and a £1.5m contract to construct a security unit at Prestwick, Manchester by North West Regional Health Authority.

Rehousing in Algeria

PART OF a rehousing project for victims of the Algerian earthquake last autumn is to be carried out under a £5m contract by Cosalt Adda Systems, the system building subsidiary of Cosalt, Grimsby. The project comprises 400 bungalows at El Asnam.

Completion is required within three months and the contract will in the short term provide up to 85 new jobs at Cosalt subsidiaries in Grimsby and Hull, where the work will be carried out.

£2m project for Optrex

OFFICES, research and development laboratories and a distribution centre are to be built at Basingstoke, Hants for Optrex, a subsidiary of Hoechst.

Development of the £2m scheme is to be undertaken by The Client Construction Company. Basko Projects is the consultant for the mechanical handling system and overall layout planning.

Funding for the project is being provided by the Hill Samuel Property Trust and was negotiated on behalf of The Client Construction Company by Michael Laurie and Partners.

The project is due to commence within the next few weeks with completion during the autumn of this year.

Big sheds in Jordan

UNDER A sub-contract from PHB Weserhutte AG of West Germany, Cleveland Bridge and Engineering (Trafalgar House Group) is to fabricate and erect two potash sheds in Aqaba, Jordan. Value of the order is £1.8m.

Some 2,500 tons of steel will be needed for the job which also calls for fixing of cladding and louvres. Each shed will be 335 metres long, 25 metres high and with a span of 55 metres.

Consultants for the project are Parsons, Brown and Newton and Rendel Palmer and Tritton.

Cleveland Bridge says this is its first contract in Jordan and that other tenders are outstanding there. The company's agent in Jordan is Innam Trading of Amman.

£13m science park scheme

FOLLOWING THE success of its science park scheme to attract technology-based companies to the area, Warrington Development Corporation is now embarking on a £13m project to build a second one.

The new park will be on a 30-acre site to be named Birchwood Science Boulevard. This will include ten acres of landscaping, roads and parking facilities. About 400,000 sq ft of ground lease development will be sited in an area of outstanding physical characteristics, says the Corporation.

Among the principal features will be a boulevard of plane trees which will bisect the area, giving it a Continental flavour. There will be a natural brook running around the perimeter of the development and four man-made lakes in a parkland setting. Contoured landscaping will be introduced at the southern end of the area, using a mound as a central focal point.

Less than half a mile from Birchwood Science Park, the Boulevard is bounded on all four sides by major communication facilities for quick road and rail travel.

Site preparation has already begun and the first building work should start this summer.

Warrington Corporation says that the new development should create about 2,000 jobs. Its existing science park has already attracted £27m of private investment from science and technology based companies, including eight from North America.

Norwest Holst companies active

MORE than £2.5m worth of new contracts have been awarded to Norwest Holst companies. The largest, worth £1.3m, has been awarded by Samuel Properties (Developments) to Marshall-Andrew for a steel-framed shop, office and residential block at 66 St. James's Street, London, S.W.1. It will be of concrete with anodised aluminium cladding and glass curtain walling. Completion is due next January.

Two contracts for work at Aberdeen Airport have been awarded to Norwest Holst Scotland by the British Airports Authority. The larger, valued at £268,608, is for the construction of a new forward passenger lounge connected by a corridor to the existing lounge.

The other Aberdeen Airport contract, for £146,831, covers the building of car-hire and passenger check-in facilities to extend the landside check-in area. It includes the removal and reconstruction of patent glazing and the erection of new shutters and screens. Completion is due in July.

In Edinburgh a £248,000 contract awarded by Bishop and Sons Depositories is for a two-storey office block with basement, paving and drainage works for John H. Lunn in Hopetoun Crescent.

Norwest Holst Northern has won two contracts on Merseyside. The larger, for Beecham Products, is for extensions valued at £198,230 at the Coca-Cola factory and vehicle repair shop at Aintree. The other, awarded by the English Industrial Estates Corporation, is for site development work on Phase 2 of the industrial estate at Argyle Street, Birkenhead. It is valued at £88,875.

The Metropolitan Borough of Wirral has awarded an £87,400 contract to Norwest Holst Civil Engineering for the reconstruction of a retaining wall. It involves excavation, sheet piling, encasing and piling in concrete to form the new wall, and repairs to the carriageway, footpaths and other works at Birkenhead Park Station.

In Kent, Norwest Construction has won a £50,000 South Eastern Gas contract for a pig trap and pressure reducing station modifications at the St. Mary Cray holder station.

In the Irish Republic, McGregor (Paving) has been awarded a £141,000 contract by Coras Iompair Eireann (Irish National Transport Company) for constructing paved concrete track slab between Dun Laoghaire and Sandycove Station.

£2m Henry Boot award

A HOSPITAL and health centre at Peebles, Roxburghshire, is to be built for the Borders Health Board by Henry Boot, Sheffield, under a £2m contract which also includes alterations to existing buildings to provide staff accommodation, an access road, drainage, landscaping and the demolition of old out-buildings.

The project, to be known as the Hay Lodge Hospital and Health Centre, has been designed by the architectural department of the Scottish Health Service.

Housing by Mowlem

A HOUSING contract worth £2m at Milton Keynes, Buckinghamshire, has been awarded to John Mowlem by the Milton Keynes Development Corporation. It comprises 90 two- and three-storey homes set in a crescent layout on the Fishermead 7 site.

Containing houses and flats, the buildings will be of traditional construction, with brick cladding, tiled pitched roofs and gas-fired central heating radiators. Work has just begun and completion is due in the spring of next year.

Mowlem has also started on a £540,000 project to build 32 low-cost homes at Furzton, Parkside, Milton Keynes. Completion is due late this year.

A £2m contract to build a central library in Halifax has been awarded by Calderdale Metropolitan Borough Council to Mowlem Northern, Leeds. Situated in Northgate, the four-storey building will include a basement for storing civic archives. With a total area of 48,440 sq ft, it will have a concrete frame and natural stone cladding.

Car park in Swansea

A MULTI-STOREY car park with space for 550 vehicles is to be built in Swansea by Sir Robert McAlpine and Sons under an £800,000 contract awarded by Swansea City Council.

Situated between the Leisure Centre and St. David's Church, the reinforced brick-clad structure will measure 120 metres by 35 metres. Completion is due next September. The consulting engineers are Ove Arup and Partners.

Industrial project

NINETEEN small factories on the Earlstrees Industrial Estate at Corby, Northants, are to be built by Wilcon Construction under a contract valued at £1.1m awarded by the Commission for the New Towns. The factory units will be built on a three-acre site in Brunel Road. Completion is due next October.

This project when combined with a similar scheme announced last summer by Corby District Council, will provide more than 100,000 sq ft of new small factories, of between 1,500 and 6,000 sq ft floor area each, for letting in Corby this year. The Commission is now planning a third scheme.

IN BRIEF

- An agreement just signed between Feiner Maschinen and Schraubenwerke AG (Salzgitter Group) and Delta Plant Hire has given the latter exclusive franchise in the UK for the German-built range of Peiner tower cranes.

CONTRACTS AND TENDERS

GAS DEL ESTADO
REPUPLICA ARGENTINA
INTERNATIONAL PUBLIC TENDER
No. 10.201

To contract the repair of the North Coastal Access of the Submarine Gas Pipeline "Espiritû Santo — Cabo Virgenes" laid during the year 1978 offshore the Magallean Strait, Republic of Argentina.
Opening of antecedents and proposals: February 27, 1981, at 10.30 a.m.
Sales of documentation: Alsina 1170 — 1st Floor, Office 110, Federal Capital, from 08.30 p.m.
Price of the specifications: A$1,000,000 (approx. US$500).

INTERNATIONAL ADJUDICATION NO. 51/81
Suez Canal Authority announces International Adjudication for the building and delivery of:
6 (six) Escort Tugboats 40 tons bollard pull   3 (three) Escort Tugboats 60 tons bollard pull
The Tender documents including conditions, specifications and drawings is available from the Procurement Department S.C.A., Ismailia, against a non refundable charge of £E 400 (four hundred Egyptian pounds) or $500 (five hundred U.S. dollars).
Offers will be accepted only from bidders with past experience in building tugboats with rotary type propellers of over 2 x 1400 bhp.
Tenderers should submit evidence of their previous experience with the tender documents.
Closing date of the Tender will be at noon Ismailia time on April 12th, 1981. Offers received after this date and time, or not accompanied by the provisional deposit (2%) according to the Tender conditions, will be disregarded.
Bids should be submitted through one of the commercial public sector companies or a registered trading representative in Egypt.
This Tender is only open to tenderers from countries who are members of the World Bank and Switzerland.

REPUBLIC OF ZAIRE
Mouvement Populaire de la Revolution
Office National des Transports
ONATRA
NOTICE OF INTERNATIONAL INVITATION FOR TENDERS

"ONATRA," the Zaire National Transport Office, hereby issues — against K.F.W. financing — an international invitation for tendsr for the supply of:—

100 Container Trucks 48 t
6 Flat Trucks 60 t

Applications are open to all technically reputable firms.

Tender documents can be obtained from:
DIRECTION DES APPROVISIONNEMENTS ONATRA
Building ONATRA, 3ène étage—local 3171
Boulevard du 30 Juin, Kinshasa

or, abroad, from:
S.G.B./DIV. Zaire:
Rue de Marais 31 — B — 100 Bruxelles
FRef. APP.23/PH — Tel: 511.39.10
O.F.E.R.M.A.T.:
38, rue La Bruyere — F — 75009 Paris
Service des Matériels — Tel: 280.68.18

on payment of Zaires 250.00 or DM 165.00, by crossed cheque made payable to ONATRA in one of the fourteen currencies approved by the Banque de Zaire, namely; Deutschemarks; Swiss francs; French francs; Belgian francs; Swedish krona; Danish krone; Norwegian krone; pounds sterling; U.S. dollars; Canadian dollars; Portuguese escudos; Italian lira; Dutch guilders; Austrian schillings.
The amount must be equivalent to DM 165.00.
The closing date for receipt of tenders is Friday 27th March at 3 pm (local time).

Sealed tenders should be forwarded to:
Monsieur le President de la Commission des Adjudications
Cabinet du President Délégué General
Office National des Transports
B.P.98, Kinshasa, Zaire

Tender applicants may attend the public meeting at which the tenders will be opened which will be held in the Conference Room, General Management Offices, 7th Floor, ONATRA Building, Boulevard du 30 Juin, Kinshasa, at 3 pm (local time) on 27th March 1981.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	British Toy and Hobby Fair (01-707 7127) (until Feb. 4)	Earls Court
Current	Internatl. Spring Fair (01-499 7324) (until Feb. 5)	NEC, Birmingham
Feb. 3-5	Home Overseas Exhibition (01-253 4628) Waldorf Hotel, WC2	Waldorf Hotel, WC2
Feb. 3-6	CP '81 Computer Peripherals (01-629 4304)	U.S. International Marketing Centre, W1
Feb. 8-10	International Swimming Pool and Allied Trades Exhibition (01-681 7055)	Metropole Exhibition Centre, Brighton
Feb. 10-13	International Business Computing, Word Processing and Information Management Exhibition (01-647 1001)	Cunard Int. Hotel
Feb. 14-22	Birmingham Post/Evening Mail Boat and Caravan Show (021 236 3366)	NEC, Birmingham
Feb. 15-18	International Men's and Boys' Wear Exhibition (031 705 6707)	Olympia
Feb. 18-19	Marketing Services Exhibition (01-680 7525)	West Centre Hotel, London
Feb. 22-24	Cycle Trade Exhibition (01-837 3636)	Ingliston Showgrd., Edinburgh
Feb. 22-26	Gifts Fair (0277 230501)	Metropole Exb. Hall, Brighton
Feb. 23-28	Effluent and Water Treatment Exhibition (01-637 2400)	NEC, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Feb. 2-5	MECOM '81—2nd Middle East Electronic Communications Show and Conference (021 454 4416)	Bahrain
Feb. 5-7	Italian yarns and fibres show (Telex Florence 572153)	Florence
Feb. 6-9	International Stationery Exhibition (01-439 3964)	Paris
Feb. 8-10	Scandinavian Menswear Fair (01-540 1101)	Copenhagen
Feb. 11-14	International Trade Fair for Household Appliances Fittings and Components—DOMOTECHNICA (01-409 0956)	Cologne
Feb. 13-17	International Household Goods, Glassware, Ceramics, Hardware and Tools-MACEF (01-404 0520)	Milan
Feb. 14-16	International Games and Toys Exhibition (01-439 3964)	Paris
Feb. 14-22	International Garden, Hobby, DIY, Leisure and Boat Exhibition (0202 732648)	Hamburg
Feb. 20-Mar. 1	International Boat Show (01-874 6034)	Stockholm

BUSINESS AND MANAGEMENT CONFERENCES

Feb. 2-4	MSS: Managing Computer Staff (0903 34755)	Worthing
Feb. 3-4	Crown Eagle Communications: Law at work—recent legislation and case law (01-636 0617)	Churchill Hotel, W1
Feb. 5	The Institution of Civil Engineers: Symposium on sensors in highway and civil engineering (01-222 7722)	Westminster
Feb. 5	IPS: Automotive Industry (0990 23711)	Hilton Hotel, Stratford
Feb. 5-6	AMD: Product Innovation and Development (07535 56047)	New Berners Hotel, W1
Feb. 9-13	London Graduate School of Business Studies: Service industry marketing programme (01-262 5050)	Regents Park, NW1
Feb. 10	BIM: Computer programming for managers (01-405 3456)	Parker Street, WC2
Feb. 10	College of Estate Management: Understanding the big city: thoughts on its role and the future (0734 861101)	University of Reading
Feb. 11-13	Management Centre Europe: Effective business speaking (Telex 21917)	Brussels
Feb. 13	Oyez—IBC: Foreign Currency Translation (01-242 2481)	Europa Hotel, W1
Feb. 17	IPA: Consultation on major issues at company level (01-222 0351)	The Queens Nursing Institute, SW1
Feb. 18	Institution of Public Health Engineers: Microelectronics in public health engineering (051 236 6066)	Park Hall Hotel, Charnock
Feb. 18	The Henley Centre for Forecasting: Forecasts for exchange rates (01-353 9961)	London Press Centre, EC4
Feb. 18	ESC: Efficient treatment of corporate tax losses (057-282 2711)	Holiday Inn, NW3
Feb. 19	Oyez-IBC: Stock—the new rules affecting tax, accounting and stock levels (01-242 2481)	Royal Lancaster Hotel, W2
Feb. 22-25	ICSC: The dynamics of retailing in the 1980s (0734 861101)	Monte Carlo
Feb. 24-25	Crown Eagle Communications: Cost estimating for non-competitive defence contracts (01-636 0617)	Hotel Russell, WC1
Feb. 25	FT Conference: Developing the corporate report—European perspectives (01-621 1355)	Brussels
Feb. 25	Gower Conferences: Insurance Law—the new reforms (UK and EEC changes) (01-240 5931)	Cafe Royal, W1
Feb. 25	Productivity Consulting Services (Edinburgh): Motivating people to improve productivity (021-449 4648)	Cafe Royal, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Cheap gas monitor from Perkin-Elmer

AN UNUSUAL example of government and industry co-operation has resulted in the development of a faster and more efficient way of monitoring potentially harmful gases at places of work.

Perkin-Elmer's British subsidiary has developed an automatic desorption system which can speed up the analysis's of samples of gases taken in the workplace by up to 15 times. Traditionally such analysis, carried out manually by highly trained staff has been expensive and time consuming.

The Health and Safety Executive, together with analysts from ICI, British Petroleum and Shell realised that there was a need for a simpler way to monitor people's exposure to noxious gases at work. So they drew up a specification of a system which would be as easy to use for gases as radiation badges are for exposure to radiation.

They wanted to replace the bulky and costly equipment needed to be worn by workers when their environment has to be monitored with a simple device which could be clipped to the clothes like a pen.

The executive then offered the idea to industry but only Perkin-Elmer decided to go ahead with development at a cost of more than £250,000.

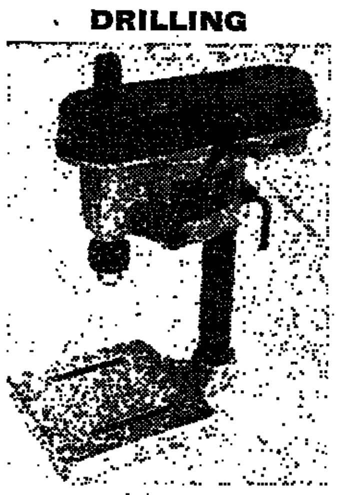
After two years work the company has developed an automatic system costing about £7,500 which can analyse up to 50 samples in one operation compared with only 10 samples if the operation were carried out by hand.

Perkin-Elmer believes that its system, which can monitor a variety of organic gases, has a wide variety of applications throughout industry and even brings accurate gas monitoring within the range of even the modest sized company.

ELAINE WILLIAMS

NEWS IN BRIEF

DRILLING



A MINIATURE bench drill weighing 5.5 kg. and manufactured by the Toyo Corporation of Japan, has been introduced to the UK market by Eric H. Bernfield, P.O. Box 111, 17a The Broadway, Potters Bar, Herts (0707 43619). Known as the Minidrill, it has a 6.5mm chuck capacity and measures 435 mm by 315 mm. The cast iron base measures 170 mm by 170 mm.

The drill's small size is claimed to make it suitable for prototype and close work in the engineering and electronics industries, in technical colleges, and also in medical, dental and optical laboratories. A 220/240v electric motor transmitting *through a belt and reduction* pulley system provides six drill speeds from 850 to 3,100 rpm. A high-speed model (7,000 to 10,000 rpm) is available to order.

MATERIALS

AN EPOXY-BASED coating designed to provide a jointless, non-porous tough and flexible finish on a wide range of vertical surfaces has been introduced by Lamacrest, Crown Works, Cold Bath Road, Harrogate (66656).

Known as "Armourglaze MUR Non-taint," it is claimed to be suitable for walls, tank lining and anti-corrosion coating, particularly in the food industries. Solvent-free, it can be applied to most untreated vertical surfaces to produce a seamless covering of about 0.25mm thickness per coat, equivalent to about eight coats of conventional paint. It is claimed to be comparable in terms of hygiene to tiles or pre-coated sheet.

CLADDING

TWO new profiled claddings which are claimed to eliminate the risk of condensation and combine the advantages of strength and rapid fixing with design flexibility and acceptable appearance have been introduced to the Telatharm 100 series made by Teal Claddings, Telford, Shropshire (0952 585580).

Named Telatharm 101 and Telatharm 103, they are available in any of 10 colours and *embody two profiled galvanised* steel skins sandwiching an integral layer of thermal insulating material.

A special feature is claimed to be the design of the sealing system on the panel edge to prevent the formation of a thermal bridge and eliminate condensation. Telatharm 101 is primarily intended for roof cladding, the exterior silicon acrylic or plastic coated surface having 45 mm deep corrugations on a 300 mm pitch. Telatharm 103 is designed essentially for wall cladding or partitioning and is capable of spanning more than 5 metres.

COMPONENTS

What is claimed to be the first shatterproof mirror, designed to fit all types of commercial vehicle, has been introduced by Spafax, Mill Lane, Corsham, Wilts (0225 742721).

Made of tough plastics, it is said to resist impacts that would smash conventional glass mirrors. The lens, of acrylonitrile butadiene styrene graft copolymer, has an electro-deposited reflective finish which is claimed to reduce glare and give a clear reflection in all weathers.

The body of the mirror, aerodynamically styled to minimise vibration at speed, is of tough polypropylene copolymer. A plated fixing device enables the mirror to be adjusted firmly in any required position from within the cab. The clamp, using Allen head screws, is claimed to be easy to attach and yet resistant to thieves.

In a test using an FN military rifle, Spafax states that a 7.62 mm standard Nato bullet fired from 25 paces made a clean hole in the mirror but failed to shatter it.

Harnessing the full power of Pegasus

BY GEOFFREY CHARLISH

THE NAME of the game at the moment in jet engine fuel *control systems* is FADEC. It stands for "full authority digital engine control," and according to Bill Huyton, managing director of Dowty and Smiths Industries Controls (DSIC), his industry has now reached something of a watershed. Control of the immensely powerful engines of modern jet aircraft will soon be vested in the tiny microprocessor as a matter of course.

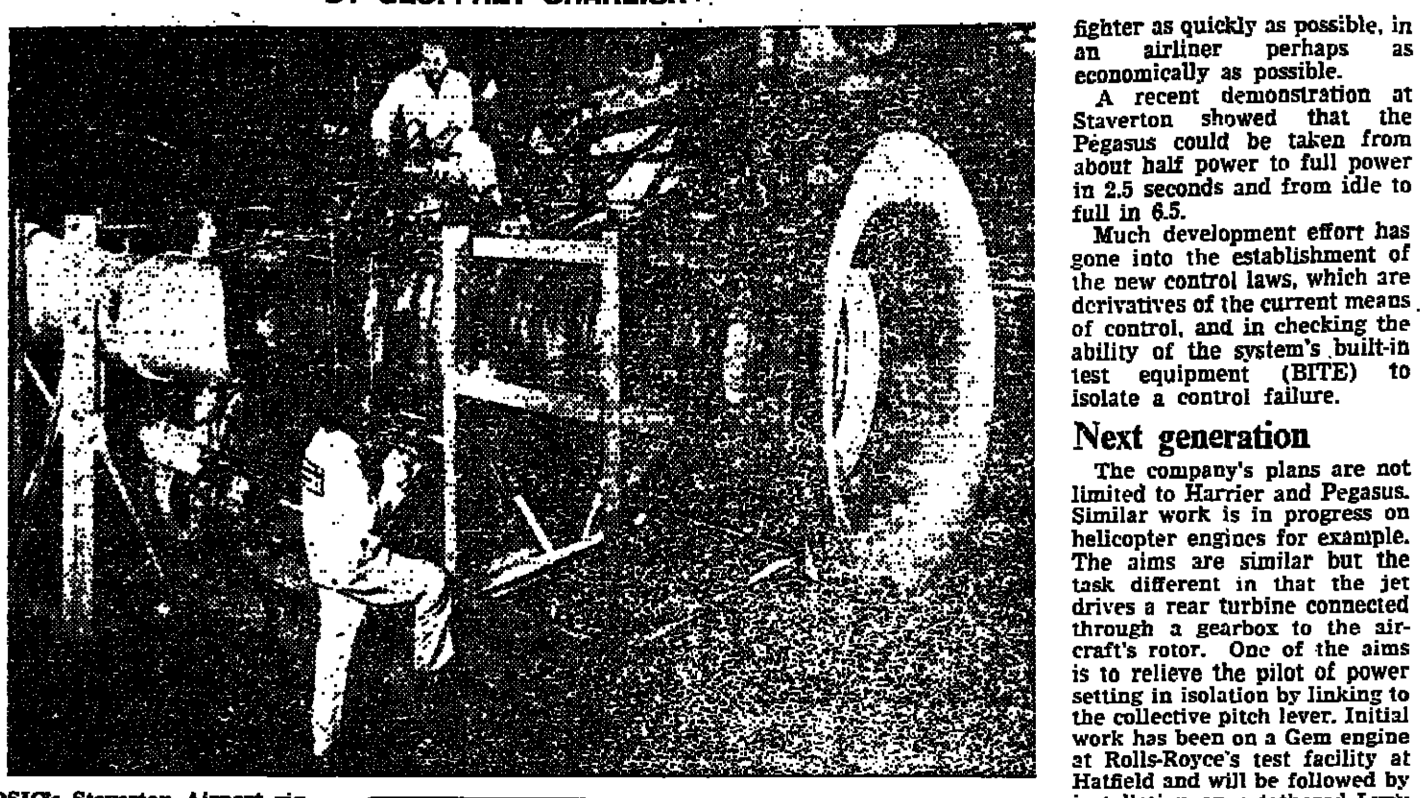
Full authority control means just that: the pilot selects the percentage of full power that he needs and all else is taken care of by the FADEC unit in digital electronics terms, the previous analogue electronics and hydromechanical control for engine speed limiting having been done away with.

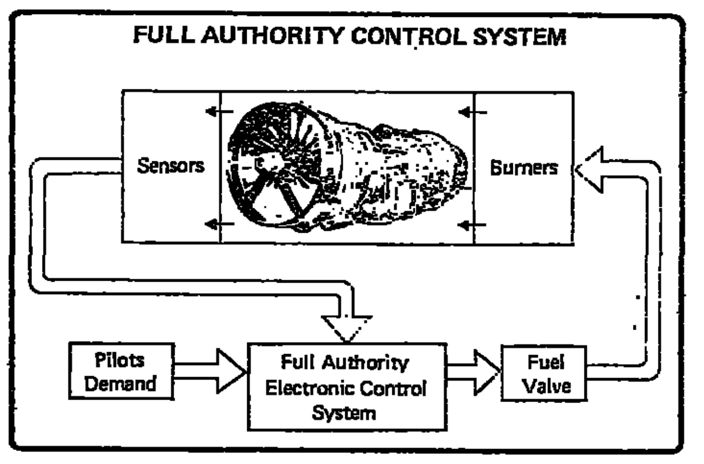
The company has already had considerable success with full authority controls on Concorde, but these were chiefly analogue. The rapid and cheap computational and organisational power of the micro means that more sophisticated control becomes possible, with increased safety, and a weight reduction resulting from losing the hydromechanical limiter.

The limitation function is of great importance, particularly in military aircraft where maximum thrust with afterburning is in frequent demand and where repeated over-running of the engine can lead to reduction of both engine life and safety.

Probably the key programme at the moment centres on the Pegasus vectored thrust turbofan engine of the type used in the Harrier. The FADEC on Pegasus is in demonstration mode at the moment on the 30,000 lb thrust test bed at DSIC's Staverton Airport location in Gloucestershire. The first flight phase is expected to start in the spring.

DSIC is fully convinced of the merits of digital control and believes that the Services and Air Staff are "similarly convinced." The three main aims are reduced maintenance effort from fewer mechanical components, less weight and a less expensive unit. Of these, maintenance has probably been the main incentive, since a good deal of effort is apparently needed to keep the turbofan "tuned" to the optimum performance that the vertical take off and landing of the Harrier demands. In particular, the acceleration control, pressure ratio limiter and governor settings are all sensitive devices that need careful adjustment and monitoring, increasing maintenance and life-cycle costs.





DSIC's Staverton Airport rig where fuel systems can be tested in engines of up to 30,000 lb thrust. Right: an outline of how sensors and pilot signals control the engine

In contrast to the hydromechanical system fitted at present, a digital system provides more sophisticated controls and allows more variables to be handled.

Now, the total system consists of an extremely versatile pump and filters, electronic module, and the existing manual reversionary system which would allow the pilot to get home in the exceptionally rare event of a second control defect. (The normally operational electronic module is itself backed up by a second system which is switched in automatically in the event of a failure.)

The two basic inputs to FADEC are from the engine sensors and the throttle; output is a signal to the fuel valve. Clearly, the ideal for the pilot is that any level of power selected should become immediately available. But since a turbine takes a finite time to come to speed the best that can be done is to accelerate the rotor as rapidly as possible. The beauty of using the micro is that optimum laws and computations can be laid down in the programming, with little restriction on the number of inputs, to ensure the aircraft moves away as desired—in a fighter as quickly as possible, in an airliner perhaps as economically as possible.

A recent demonstration at Staverton showed that the Pegasus could be taken from about half power to full power in 2.5 seconds and from idle to full in 6.5.

Much development effort has gone into the establishment of the new control laws, which are derivatives of the current means of control, and in checking the ability of the system's built-in test equipment (BITE) to isolate a control failure.

Next generation

The company's plans are not limited to Harrier and Pegasus. Similar work is in progress on helicopter engines for example. The aims are similar but the task different in that the jet drives a rear turbine connected through a gearbox to the aircraft's rotor. One of the aims is to relieve the pilot of power setting in isolation by linking to the collective pitch lever. Initial work has been on a Gem engine at Rolls-Royce's test facility at Hatfield and will be followed by installation on a tethered Lynx aircraft.

The biggest challenge arises, however, with the next generation of military aircraft which may have variable geometry, multi-spool (shaft) engines, afterburning, extended "flat out" operation, and flight at extreme incidence angles over a wide mach number range with turns executed at up to 8g.

These developments, which it is hoped can be extended into civil flying, are important for DSIC. The company was formed only three years ago when official and engine maker pressure was being brought to reduce the number of fuel system suppliers. It consists of segments of Dowty and Smiths, with the later addition of Ultra Electronics (which had developed the analogue system for Rolls-Royce 593 on Concorde).

Its birth pangs fading, the new company seems set fair to move on through advanced technology from its present engine controls turnover of £50m.

Networking products to set pace

IN THE U.S., where the computer industry's revenues are likely to add up to an impressive $54bn for 1980, network products will account for 20 per cent according to the 20th annual study of the computer industry by Arthur D. Little.

But by 1985 it is expected that they will rise to 40 per cent of the total which by then will have reached $80bn to $90bn.

Who will get all this business? According to A. D. Little, less of it will go to the U.S. mainframe companies than at present and instead will be won by independent suppliers—some of whom may not yet even be up and running. It is predicted that the U.S. mainframe vendors will, in any case, lose market share outside the U.S. because the indigenous makers will do better (50 per cent instead of 41 per cent as at present).

According to F. G. Withington, co-author of the report and an A. D. Little vice-president, there is likely to be "five years of warfare in network architectures."

The ADL experts apparently see little prospect of the International Standards Organisation reaching a consensus before 1985, vested interests of vendors in their own non-compatible architectures being the main obstacle.

More from the organisers, Interco, on 01-948 3111. For the report, contact A. D. Little on 01-409 2277.

A besieged giant in search of its strengths

Ian Hargreaves on the strategy of SCM, a diverse U.S. group, in the wake of two battles with shareholders

WHEN Paul Elicker, chairman of SCM Corporation, arrives in the UK next Monday there will be more to his visit than showing his face at his manufacturing outposts. The head of a U.S. multinational, he will also be spending a day with the City of London investment community.

But for Elicker, another reason is to look over his shoulder.

In the last year two separate groups of dissident shareholders—the second led by the venerable Willard Rockwell of the Rockwell Industries family—have tried to oust the SCM Board. Elicker says "We found that a number of our shares are held in Europe—we don't know how many—and that in the proxy contests they were *not voted*. So we'd like to make contact if possible." His wishes are understandable.

It was a rough battle. SCM spent $2m doing the paperwork and hiring lawyers and other experts, part of whose job was to probe the cupboards of its assistants in search of skeletons. Rockwell reciprocated by calling Elicker "overpaid and incompetent" and advised shareholders to put in a new team which would sell off one of SCM's five divisions (food) and reorganise the rest.

The first batch of dissidents, led by a little known New York businessman, argued simply that SCM was worth twice as much dead as it is alive, given its lacklustre earnings outlook.

Wearing a textbook executive tan and looking younger than his 57 years, Elicker is still openly scornful of the "share price-pumping" intentions of the dissidents and argues with conviction that both groups *failed to show how, in practice*, they would realise the claimed value of SCM's disparate assets. Book value is one thing — it is still about double SCM's $24 per share market value — but selling these interests is another. The company makes chemicals, paper, electrical appliances, food and typewriters, the latter under the Smith-Corona name, whence SCM.

With solid victories (more than 60 per cent support) behind him in both contests, Elicker is prepared to acknowledge that the experience taught him at least one useful thing, apart from making him a reluctant expert in the guerrilla tactics involved in fighting this kind of corporate battle. "We learned that a company should always have in its mind the maximum degree to which it can prudently pay cash dividends" — a somewhat eliptical reference to the need to keep dividends as high as possible.

Sweeten

Elicker, whose business brain *was tutored* at Harvard Business School and McKinsey, the management consultancy, before he joined the financial staff of Smith-Corona in 1956, is very much a strategist, a believer in *the longer term pay-off*. *He* has steadily increased research and development spending at the company, culminating in last year's increase of 40 per cent on 1979.

Between 1976 and 1980 Elicker also raised capital spending from $38m to $63m a year in an effort to revitalise the company's asset base.

But last summer, Elicker and the Board acted to sweeten the shareholders by raising dividends from 25 per cent of earnings to 35 per cent, a ratio the strategist in him concedes to be "*on the full side,*" *given* SCM's mediocre cash generating outlook.

For the most part, however, Elicker is back with the strategy on which he fought the proxy fights, arguing that the R and D really will start to pay off soon, in the shape of a recently launched electronic typewriter, the Typetronic, and a wide range of less glamorous products, such as a water-based beverage can liner.

The Typetronic will take SCM from its main typewriter base, the portables market, into the highly competitive office market, and thus represents a significant shift in product strategy.

Discussion of SCM's strategy is complicated by the rambling diversity of its 135 product lines, whose combination is, in Elicker's words, "historically fortuitous." If SCM were not already in being, would anyone care to invent it in 1981? "No," he says, bluntly.

In so far as there is a product theme, it has a chemical flavour. The chemical division itself (13 per cent of sales and 22.5 per cent of operating earnings in 1980) makes pigments and some fine chemicals. It is the number two producer (behind Dupont) of titanium dioxide, a paint whitener, and has a strong organic chemicals business, over half of whose sales are exports. This, coupled with recently obtained plant efficiencies, have helped SCM weather the chemicals industry recession relatively painlessly.

The Glidden coatings division *—paints and resins—*is the third largest such business in the U.S. The division accounted for 26 per cent of sales and 27.5 per cent of profits in 1980. Glidden too has enjoyed steady plant modernisation in recent years, some creative product development (such as the can liners) and strong demand.

Paper (15.5 per cent of sales, 33 per cent of profits) had a *boom in demand in the first* three quarters of fiscal 1980 (which for SCM ends in June). It is an average performer in a cyclical industry.

The foods division, which *generated most controversy in* the proxy fights, is the biggest single division, but produced only 9 per cent of operating profits in 1980, against 24 per cent of sales—its worst perform*ance for several years.*

"We did not need outsiders to tell us this division's performance has been laggardly," says Elicker and consideration has been given to selling the *edible oils side of the company.* This has been the main culprit in dragging down earnings because of volatile prices in that area. The problem is that weak prices have made the edible oils business unattractive to other would-be purchasers.

The chemical additives or "high technology" part of the Durkee Foods business is promising, Elicker maintains, and the large spice business healthy.

Finally come the business equipment and typewriter and appliance divisions. The first, a vestige from the days when SCM was a leading manufacturer of copiers, is today insignificant in terms of earnings and sales, although SCM still hopes that one day its seven-year-old legal fight against Xerox on anti-trust claims will eventually yield it a minor bonanza.

Typewriters and appliances *represent probably* the biggest single problem of the moment; they produced 18 per cent of sales and only 8 per cent of earnings last year.

The appliance company, Proctor-Silex, is pegging *along* at an average rate, selling toasters, irons and such like. Its biggest achievement has been to raise exports to 30 per cent of sales, diversifying its market *and slipping out somewhat from* the shadow of General Electric, which dominates the home market. The prospects, says Elicker, are "so-so."

Smith-Corona typewriters are the company's best known products and the division remains the biggest and indeed only domestic supplier of portable machines in the U.S. market.

But with manufacturing bases in areas of high labour cost (Glasgow, Scotland, West Bromwich, England; and Cortland, New York) the company has run down the same track as, say, the Singer company, which came late to the idea of transferring manufacture to low cost bases in the Far East. SCM opened a typewriter factory in Singapore in 1974.

Deadline

Matters have been made worse by a weak U.S. market, now running at an annual rate of about 1.1m portable machines a year in the U.S., against a peak in the 1970s of 2m. Smith-Corona is under fierce challenge from Japanese and Korean competitors, although the company still claims to hold 45 per cent of the world market for typewriters, arguing that the recent *Far East gains* in the U.S. market have been at the expense of the Europeans, such as Olivetti and Adler, rather than itself.

These are the conditions in which SCM last year decided to halve its Glasgow workforce. An ominous deadline is ticking against this plant, in that SCM's lease there ends in 1986 and with little early prospect of release from the pressures caused by strong sterling (90 per cent of the Glasgow machines are exported), a large question mark will continue to hang over the operation. Labour productivity has also been a big problem and although Elicker says this has improved, he warns—"There is still a long way to go."

West Bromwich has a different problem in that it builds cheaper, less sophisticated machines, where market demand *is weakest and where* there is a new competitive challenge, this time from the Eastern Bloc countries. West Bromwich exports 70 per cent of its production, so neither UK manufacturing base has powerful geographical logic on its side.

Meanwhile, in the old, familiar story, the company's Singapore plant goes from strength to strength and now accounts for more production (about 25 per cent) than Glasgow and West Bromwich combined.

Cortland, New York, where the new Typetronic is being made, appears to have satisfactory productivity. In former times, Typetronic production would probably have gone to Glasgow. Another factor in the future is that as typewriter design becomes increasingly electronic rather than electro-mechanical, more machines will be turned out by fewer people and with fewer components. Elicker has no doubts that Smith-Corona's future lies in staying at the front of the pack on technology.

But what does it all add up to? Since 1973, SCM's sales have doubled, but so has the consumer price index. Return on sales has fluctuated between 1.9 per cent and 2.8 per cent last year, an improvement, but hardly a dazzling one. The debt to equity ratio at 50 per cent last year is better than the 61 per cent in 1973, but the company still has a mediocre "BAA" credit rating, which makes it hard to raise long-term funds in the sort of bond market conditions which have existed for the past year.

Elicker's defence is that the *company lacked* logic and that by concentrating on certain strengths, he has slowly improved the position. No magic solutions are available by manoeuvring assets, he insists, *in a jab at the dissidents.*

Elicker supports his argument by pointing out that since he took over, SCM has abandoned 32 products, including photocopiers, where the company was once number two in the industry, and calculators where it was once number one.

Disaster

But the circumstances in which these decisions were made suggest that they were forced on the company, rather than planned. In copiers, for example, SCM simply missed the boat of the electronics revolution.

Elicker argues that the company's transport and distribution capability, important in both the foods and paint businesses, is among the best in U.S. industry and that he has also put in a financial control system which has kept the company several steps away from anything resembling disaster.

"Today, we have more parts of the business functioning satisfactorily than at any other time," he says, an unspectacular claim about an unspectacular company, but one borne out by the facts.

The problem is not only that SCM's divisional structure is still much the same as a decade ago — with the exception of business machines — but that, in order to boost itself beyond the mediocre, it needs to out-*perform some of the strongest* corporations in America. So although, for example, Elicker is reasonably proud of his record on R and D spending, SCM's budget of 1.5 per cent of sales has to be compared with General Electric's 6.5 per cent of sales or Xerox's 5.2 per cent.

To coin a phrase from the business jargon of the 1960s, *when* SCM took its present shape, there is no early prospect of the group acquiring sufficient synergy between its parts to help accomplish this spurt in performance.

The road ahead promises a steady but distinctly upward incline. As far as Wall Street is concerned, however, the main prospect of excitement lies in the possibility that the raiders may be regrouping over the skyline.

PAUL ELICKER'S RECORD AT SCM

	1974	1975	1976	1977	1978	1979	1980	1981*
($m)								
Sales	1,202	1,287	1,331	1,377	1,509	1,753	1,892	952
Net Income	27.6	28	30	37	37	47	54	29
(%)								
Return on sales	2.3	2.2	2.3	2.7	2.5	2.7	2.8	3.1

* First six months.

Paul Elicker (right), the embattled chairman of the SCM group, and George Burns, president of his consumer products division: taking SCM into the highly competitive office machines market with the new Smith-Corona Typetronic

The shopfloor's verdict on quality circles

Western businessmen have argued for years that Japanese management practices will not work in American and European companies. But in an attempt to improve employee motivation, productivity and quality, hundreds of them are now encouraging small groups of workers to band together in what the Japanese call "quality circles." Today's article is the fifth in a two-week series on this phenomenon.

CONSULTANTS ARE always ready to bombard you with clients' citations, all of them declaring that their latest work has been an outstanding success.

So it is with quality circles. "I've learned more in the last three months than I have in all my 29 years with this company," is one widely-touted quote from a fitter who had just joined a quality circle. From a circle leader comes the welcome news that "the members have become more work-conscious. In their breaks instead of discussing how much they had to drink last *night*, they *now talk about* work."

It is only when you talk to circle members yourself that you hear of such problems as "some of our mates who aren't in the circle accused us of working for the bosses—it was really hurtful" and "no, that union's not involved yet—they're being awkward."

To be fair both to the consultants and to their converted clients, none of them pretends that it is easy to get quality circles off the ground in a European environment. They all warn that the process has to be planned and executed with extreme care, in particular as far as the selection of circle leaders is concerned, but also with regard to the thorough training of members in the various problem-solving techniques.

Tony Seed, quality director of ITT Components in Britain, attributed much of the failure of quality circles at ITT's Great Yarmouth plant to the company's neglect of investment in training. He considers outside assistance on training (from PA International) to have been essential to the success of circles at *ITT's Harlow* and Paignton sites.

Naturally enough, the consultants ram home this point with considerable force. Derek Monk of Derby Lonsdale College, who has been playing a key part in Rolls-Royce's training programme, says he has been called in "by several large companies which started circles without any formal training, *and were making a mess of* things."

It was Paula Patnell, an inspector of "wound components" (small transformers) at ITT's Harlow factory who suffered the taunts of her colleagues. One of the reasons was that they had not been told why it was only a small group of people who had been asked if they would like to take part in the *new quality circle*. Nor were they really aware of the purpose of the circle. But before long, word began to get around, and notices went up. The circle itself produced explanatory beermats (one is *illustrated*), *and to cap it all* began taking up some of the girls' own suggestions. So "they began to see it was for *their* benefit as well," says Ms. Patnell.

Richard Cadogan, one of her colleagues in the circle, is more explicit. One of his reasons for joining was that "we scrap things that shouldn't need to be scrapped. Then the quality assurance man asks whether they can be repaired."

This epitomises the sort of quality problem from which European companies suffer, even those which give such a *high* priority to "quality management" as ITT. For an enterprise struggling with Japanese competitors who measure faulty components in "parts per million," rather than the traditional western "percentage rejects," scrap and rework represents a particularly serious problem.

The quality circle to which the two ITT workers belong *has itself* found ways of reducing substantially the scrap rate on a particular component, but not yet to Japanese levels.

The much-vaunted ability of quality circles not only to *analyse problems but often* to solve them unaided by management—or virtually so—is also illustrated by the experience of SR Gent, one of Marks and Spencer's main clothing sup*pliers*. One of the company's first circles at a Halifax factory virtually redesigned part of an overhead conveyor system which had been causing some garment parts to fall off, so that they became soiled and had to be rejected. "The only people who had really been aware of the problem were the operators themselves, and their supervisor—the members of the circle, in other words," says one of those involved.

Attractive though this "self-solution" argument may be, quality circle members in many companies seem to consider their main achievement to be a new-found ability to persuade management to make improve*ments that they have sought in* vain over many months or years. They attribute this partly to their top management's own commitment to circles, and partly to their own training in problem-solving techniques which enable them to communicate with managers on more equal terms than in the past.

At ITT Components, for example, Paula Patnell cites a long-standing complaint: loose pins in the testing department's jigs. "The girls had asked repeatedly for them to be fixed," she says, "but nothing had ever been done." But the arrival of circles had brought with it a new attitude on the part of management. The girls now had new jigs and could do their work better.

Across the county of Essex at May and Baker's Dagenham plant, "Eddie" Edwards, convenor for the Transport and General Workers' Union and chairman of the joint shop stewards' committee, quotes the case of new process plant, where operators could not reach certain valves without scraping their hands. "We'd said to the company for years that we should be more involved when new plant is put in." Now, thanks to pressure and proposals from a quality circle, the shop floor operators feel they are at last being taken notice of by the designers.

In his verdict on May and Baker's first nine months of experience with quality circles, Edwards speaks for employees in many western companies. "A lot to do with quality circles is overcoming frustrations that are usually the company's fault. Our members want to do a decent job of work." Not all the trade union representatives at May and Baker have yet adopted such a positive attitude to quality circles, however. It remains to be seen whether they, and their sceptical counterparts in other companies, can be won over.

Tomorrow: The West's belated quest for better product quality.

Christopher Lorenz

LOMBARD

Do not have a sterling target

BY SAMUEL BRITTAN

A FEW months ago a friend of mine not a million miles *removed from the Bank of* England put to me the advantages of an exchange rate target against the European Currency Unit (ECU) as a superior alternative to domestic monetary targets. It would cut out most of the argument about how to *measure money and give* those who managed domestic monetary policy a clear and comprehensible objective.

His clinching point was that *if sterling* were tied via the European Monetary System to a strong currency with a low inflation rate, such as the German mark, this would be a *highly effective long run way of* stabilising British inflation rates at modest levels.

Inflation

My immediate reaction was mainly cynical: that it would be characteristic British bad management to tie sterling to the mark just on the eve of Germany losing its price stability *and contracting the English* disease. Little could I have known that so soon after this conversation German inflation and unemployment would both *be rising together*. British fashion, and that the mark would have fallen heavily against the dollar. Indeed the debate in Bonn is now whether *to raise interest rates, organise* a support operation, or to devalue against the ECU.

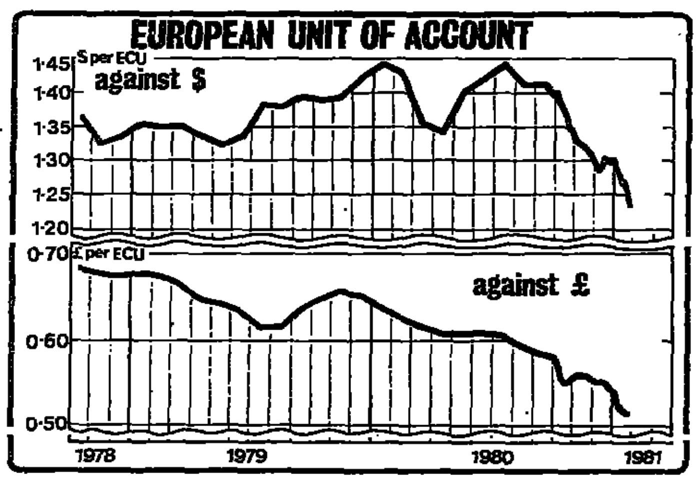
But the case against an exchange rate target for sterling is *far too strong to rest on what* might be a chance historical occurrence.

The immediate practical objection to any sterling target, *whether expressed against* the ECU, the dollar or the trade-weighted average is that there is no way of guessing what the "right" level of sterling should be. To peg the pound near its present rate, which is at least 40 per cent above the level *indicated by relative wholesale* prices, could be catastrophic. But so too from the point of view of inflation could be a major devaluation.

The main objection, however, is far more fundamental. The option of linking sterling to the ECU is attractive and easy to Central bankers when the ECU has fallen by well over 20 per cent against both sterling and the dollar, as it has since October, 1978.

To have linked the pound to such a falling unit would have provided an all too convenient pretext for even more massive *monetary expansion than has* occurred. But would the commitment hold if the ECU (or any other currency basket) were rising against sterling, and *holding to the exchange rate* target involved very unpopular policies, such as high interest rates in London. To ask the question is to answer it.

A *monetary* constitution which really tied sterling for all time to the mark might well be a good idea, despite Germany's present problems. But the adop*tion of an ad hoc* exchange rate objective without such a constitution would simply be an easy way to avoid domestic monetary control and could not be *expected to last once the charts* in this article started to turn the other way.



Law gives no redress against the despoilers

WHEN an Act of Parliament authorises an activity, like the building of an electrical generating station, a nuclear power plant or an oil refinery, the *local inhabitants cannot claim* compensation from the courts for any nuisance caused by the making or doing of that authorised thing if the nuisance *is the inevitable result of the* authorised activity.

Even if the environment is transformed from a peaceful unpolluted countryside to an industrial jungle, Parliament must be taken to have intended that to happen; and it is not for the *courts to undermine that* authorisation by allowing local inhabitants to bring actions for pollution and so to negative the statutory immunity.

Those who claim the statutory immunity must, of course, bear the burden of proving, if necessary, that the result of carrying our the authorised activity was in fact inevitable. The local residents would have a legal remedy to the extent only that the actual nuisance caused —be it smell, noise or vibration —exceeded that for which the statutory immunity was conferred. If the despoilers of the *countryside fail to prove that* they used all reasonable diligence in preventing their operations from being a nuisance to the neighbours, then compensation *will be legally payable*. But not otherwise.

That is the sad legal conclusion to be drawn from the House of Lords' decision last week in *Allen v. Gulf Oil Refining Ltd.**

Waterston is a small village about half-a-mile inland from the harbour of Milford Haven. *Gulf Oil built a large refinery* there after obtaining authority from Parliament by way of a private Act to establish their projected refinery with its ancillary facilities, and to acquire the necessary land.

The preamble to the Act, the *Gulf Oil Refinery Act 1965*, recited "increasing public demand for oil products in the United Kingdom" and proclaimed that it was "essential *that further facilities* for the importation of crude oil and petroleum products and for their refinement should be available." In short, Parliament *thought* that it was in the public interest that a refinery should be constructed on land *to be compulsorily acquired*.

Inevitable

The refinery stretched from the shore to the doors of the villagers of Waterston. So much so that the Methodist chapel lay in the access way from the village to the refinery, con*ceivably with the idea that* there should be a divine blessing to the advent of this blessed form of energy for the public of the whole country.

The villagers *claimed* that ever since the refinery was built in 1967 they had suffered from the noxious odours emitted by it, such as sulphur dioxide, which made them sick. They experienced constant *vibration and a continuous roar*ing with occasional high-pitched noises. And they lived in the fear, unjustified or not, of explosions that would cause *irreparable damage* to their properties. Fifty or 60 villagers

THE WEEK IN THE COURTS
BY JUSTINIAN

brought actions against the com*pany*. Apart from the statute, the villagers would have had a good claim at law for the nuisance caused by the *operation* of the refinery.

They won, not unexpectedly, when their case came last spring into Lord Denning's court. He considered that *modern statutes* that purported to give a statutory immunity to the builders of oil refineries and the like should be construed on a new *principle. Wherever private* undertakers seek statutory authority to construct and operate an installation which may cause damage to people *living in the neighbourhood*, it should not be assumed that Parliament intended that damage should be caused to innocent people without redress.

He equated such cases with the recognised principle that property may not be acquired compulsorily except on proper compensation being paid for it. No matter how diligent the undertakers have been in their construction and operation of the plant, they ought not to be allowed — for their own profit — to damage innocent people or property without paying compensation.

Thus a policy decision of the Court of Appeal overrode the policy ostensibly declared by the Act of Parliament.

The House of Lords, by a *majority of 4 to 1*, has now reversed that decision. The Law Lords construed the Act of Parliament as having conferred the statutory immunity on Gulf Oil; the only question was whether the language used by Parliament had effectively covered *them from being sued for* nuisance for the operation of the oil refinery.

Specified

The argument was advanced *that the provisions of the Act* dealing with works specified in detail what was to be carried out in the way of construction of jetties and railway lines. By *contrast, there was no authority*, even implied, to construct or operate an oil refinery. There was, it was argued, nothing in the Act but a power to acquire land; the construction of the refinery was left entirely to the promoters who had *carte blanche* as to its size or nature and, therefore, the intention of Parliament must be that the operators must construct their installation with full regard to private rights and with no immunity from any acts of nuisance.

Lord Wilberforce found that construction of the Act wholly artificial. It was true that, while the Act gave detailed specification to the "works," *is* conspicuously did not define or specify the refinery, even in general terms. Unlike Lord Denning, who brushed aside the established case law, Lord Wilberforce thought that that argument, which might support the contention that the *installation* was deliberately left outside the parliamentary authority, could not stand in the face of a House of Lords decision in 1930†.

In that case statutory authority was given to Manchester Corporation in general terms for the erection of a generating station, without specification. Nevertheless it was held that, subject to the exception where the operators had been negligent, there could be no action for nuisance caused by the making or the doing of the thing authorised "if the nuisance was the inevitable result of the making or doing so authorised."

That completely described the situation in the present case. *Though the Act of 1965* did not, as did the Act in the *Manchester* case, confer express authority to use or operate any refinery which might be installed on the site, *the preamble* to the Act referred to "refinement" operation of the refinery—and authority to construct must carry authority to refine.

Lone dissenter

Lord Keith was the lone dissenter. He thought that Gulf Oil must have taken legal advice in promoting the Bill *through* Parliament. Since Gulf Oil conspicuously did not include in the Bill any reference to authority *to operate*, work or use a refinery. Parliament might have reckoned that there was no need to insist on specific provisions for compen*sation*. He was not prepared to hold that the Act was susceptible of the necessary implication that the immunity covered the nuisance caused by the refinery.

Now that the courts have spoken definitively on the problem it will be up to Parliament in the future to consider *specifically whether* provisions for compensation should be included or not, and to say so in measured terms.

* *Times Law Report, January 29, 1981.*

† *Manchester Corporation v. Farnworth (1930) A.C. 171*

Midnight Court in running for Cheltenham Gold Cup

RACING
BY DOMINIC WIGAN

LITTLE OWL duly obliged in Saturday's Tote Double Chase in the style usually expected *from an odds-on favourite* but more signficant clues to the Cheltenham Gold Cup may have came from the running of Jack Of Trumps and Midnight Court *later in the afternoon*.

The first more than satisfied his connections in finishing second to Straight Row at *Leopardstown, and* Midnight Court's performance in landing the Tote Treble Hurdle by a dozen lengths on his first appearance for 13 months speaks for itself.

Despite the clear indication that Midnight Court has returned to peak fitness, it is equally clear that the leading bookmakers remain sceptical about his ability to again find the form which saw him romping away with the 1978 Gold Cup.

The Uplands chaser is still available at 25-1 to repeat that success—odds which the layers may soon have cause to regret. For although Little Owl is without doubt a Festival foe to be *feared* (as are Ireland's Bright Highway and Jack Of Trumps), other genuine Tote Gold Cup prospects are thin on the ground.

Fred Winter, for whom Midnight Court's triumphant pas*sage to the winner's enclosure* three years ago must have provided a few moments he felt fate would never allow him after the Pendil and Lanzarote shocks, now has under seven weeks to complete Midnight Court's preparation. It is a tall order, but not impossible.

Although the name of Midnight Court's stable companion, Venture To Cognac, has been *missing from the Gold Cup lists* for a fortnight now, he too could be bidding for glory on March 19, if encouraging reports of improved homework are anything to go by.

Latest Gold Cup odds: 6-1 Little Owl *and* Bright Highway, 8-1 Jack Of Trumps, 9-1 Diamond Edge and Silver Buck, 14-1 Tied Cottage, 20-1 Chinrullah and Master Smudge, 25-1 *Daletta. Border Incident* and Midnight Court.

LEICESTER

1.30—Autumn Sun**
2.00—High Old Time*
2.30—Shermoon
3.00—Staccato
4.00—Summary

PLUMPTON

1.45—Boltingo***
4.15—Primside

TV/Radio

† Indicates programme in black and white

BBC 1

9.00 am For Schools, Colleges. 11.25 *You and Me*. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.01 For Schools, Colleges. 3.00 When the Bough Breaks. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Under Cover Elephant. 4.25 Jackanory. 4.35 Play House. 5.00 John Craven's Newsround. 5.10 *Blue Peter*.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Triangle.
7.20 Star Trek.
8.10 Panorama: "The Politics of Hunger"—Peter Taylor *reports from Mali*.
9.00 News.
9.25 The Monday Film: "The Baby Maker."
11.10 Film 81.
11.43 News Headlines.
11.45 In the Post.

All Regions as BBC 1 except as follows:

BBC Cymru/Wales—9.52-10.12 am I ysgolion. 1.45-2.01 pm Pila Pala for children. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20-8.10 The Walls of Jericho. 12.10 am News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting *Scotland. 11.45 Cearcall*. 12.15 am 16 Up. 12.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm *Northern Ireland News*. 5.55 Scene Around Six. 6.20-6.55 Land 'n' Larder. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look *East (Norwich); Look North* (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West *(Bristol); South Today* (Southampton); Spotlight South West (Plymouth).

BBC 2

10.00 am Focus.
10.25 Working with Young People.
11.00 Play School (as BBC1 3.55 pm).
11.25 Write Away.
2.15 pm Let's Go.
2.30 Multi-Racial Britain.
3.00 Embroidery.
3.30 Wainwrights' Law.
4.15 Modern Language Teaching.
†5.40 Harold Lloyd in "The Kid Brother" and "Take a Chance."
6.00 Michael Strogoff.
6.35 *Rock Goes to College*.
7.40 Mid-Evening News.
7.55 Fawlty Towers.
8.30 Grace Kennedy with special guest Bruce Forsyth.
9.00 The Hitch-Hiker's Guide to the Galaxy.
9.30 Horizon.
10.20 Evans on Newspapers.
10.45 Newsnight.
11.30 Télé-Journal.

LONDON

9.30 am Schools Programmes. 12.00 Button Moon. 12.10 pm Rainbow. 12.30 Your Chance. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The Riordans. †2.30 pm Monday Matinee: "Rawhide" starring Tyrone Power and Susan Hayward. 4.05 Cartoon Time. 4.15 Dr. Snuggles. 4.20 The Sooty Show. 4.45 The Book Tower. 5.15 Money-Go-Round.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Wish You Were Here . . . ?
7.30 Coronation Street.
8.00 Shelley.
8.30 World in Action.
9.00 The Sweeney.
10.00 News.
10.30 The Troubles.
11.40 The Monte Carlo Show.
12.35 am Close: "Sit Up and Listen" with Sir Neil Cameron, Marshal of the RAF.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Money-Go-Round. 2.30 Monday Film Matinee: "My Girl Tisa" starring Lilli Palmer and Sam Wanamaker. 5.15 University Challenge. 6.00 About Anglia. 6.30 Movie Memories. 11.40 It's a Musical World, introduced by Tony Hatch and Jackie Trent with Elkie Brooks. 12.40 am Reflection.

ATV

1.20 pm ATV News. 2.00 Best Sellers. 3.25 The Sounds of . . . Marian Montgomery. 3.45 Money-Go-Round. 5.15 Survival. 6.00 ATV Today. 10.30 The Troubles. 11.40 ATV News. 11.45 Something Different.

BORDER

1.20 pm Border News. 2.30 Monday Matinee: "A Hill in Korea," starring Harry Andrews and Stanley Baker. 3.45 Money-Go-Round. 5.15 The Entertainers (with Acker Bilk and his Paramount Jazz Band). 6.00 Lookaround Monday. 6.15 Wine and Dine. 6.30 Look Who's Talking. 11.40 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. †2.00 The Monday Matinee: "Little Nellie Kelly." 3.45 Money-Go-Round. 5.15 Survival. 6.00 Channel Report. 6.15 Cartoontime. 6.30 The Amazing Years of Cinema. 10.28 Channel Late News. 11.40 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Best Sellers: "The Moneychangers," part 4. 3.25 The Sounds of . . . Marian Montgomery. 3.45 Money-Go-Round. 5.15 Survival. 6.00 North Tonight. 6.30 Country Focus. †11.40 Living and Growing (preview for parents and teachers). 12.10 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Money-Go-Round. †2.30 Monday Matinee: "The Fallen Idol," starring Michele Morgan. 5.15 Anna and the King. 6.00 Granada Reports. 11.40 Kate Loves a Mystery.

HTV

1.20 pm HTV News. 2.00 Money-Go-*Round. 2.30 The Monday Matinee*: "That Lady from Peking." 5.15 Mork and Mindy. 6.00 Report West. 10.28 *HTV News*. 11.40 Quincy.

HTV Cymru/Wales—As HTV West except: 10.05-10.20 am About Wales. 11.05-11.20 *Am Gymru*. 12.00-12.10 pm Flalabalam. 4.15-4.20 A Tiger's Tale. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. †2.00 The *Stars in Black and White*: "Johnny Come Lately," starring James Cagney. 3.45 Money-Go-Round. 5.15 Circus. 6.00 Scotland Today. 6.40 Crimedesk. 7.00 Now You See It. 11.40 Living and Growing *for Adults*. *12.10 am Late Call.*

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. †2.25 "Seven Sinners," starring Edmund Lowe. 3.45 Money-Go-Round. 5.15 Diff'rent Strokes. 6.00 Day by Day, including Southsport. 11.40 Police Surgeon.

TYNE TEES

9.20 am The Good Word. 9.25 North East *News*. 1.20 *pm North East News* and Lookaround. 2.00 Money-Go-Round †2.30 Monday Matinee "Moment of Danger," starring Trevor Howard and Dorothy Dandridge. 5.15 Here Comes Boomer. 6.00 Northern Life. 10.30 North East News. 11.40 Laverne and Shirley. 12.10 am World's Apart.

ULSTER

1.20 pm Lunchtime. 2.30 Monday Matinee: "Stunts Unlimited" 3.45 Money-Go-Round. 4.13 Ulster News. 5.15 *Survival*. 6.00 *Good Evening* Ulster. 10.29 Ulster Weather. 11.40 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. †2.00 The Monday Matinee: "Little *Nellie Kelly*," *starring Judy Garland*. 3.42 Gus Honeybun's Birthdays. 3.45 Money-Go-Round. 5.15 Survival. 6.00 Westward Diary. 10.31 *Westward* Late News. 11.40 Faith for Life. 11.45 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 Money-Go-Round. †2.30 Monday Matinee *"Moment of Danger," starring Trevor* Howard and Edmund Purdom. 5.15 Survival. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 11.40 The Jazz Series, with the Ronnie Scott Quartet and Johnny Griffin.

Radio Wavelengths

1	1053kHz/285m & 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m & 909kHz/330m & 88-91vhf stereo	4	200kHz, 1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 [illegible] 12.30 pm [illegible] Peter Powell. [illegible] Richard [illegible] (S).

RADIO 2

5.00 am News Summary. [illegible] 10.03 Jimmy Young [illegible] 9.02 [illegible]

RADIO 3

6.55 am Weather. 7.00 News. [illegible] Overture (S). [illegible] This Week's Composer [illegible] national Festival [illegible] 1 (S). [illegible] Concert, part 2. 11.35 Mozart concert from the 1980 Salzburg Festival part 1 (S). 12.00 Interval Reading. 12.10 pm Mozart, part 2. 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.05 Matinee Musicale (S). 3.05 [illegible] recital (S). 4.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 [illegible] 7.30 Jazz [illegible]

RADIO 4

6.00 am News Briefing. [illegible] [illegible] Alexander Gordon Laing). 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather. Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 *Afternoon Theatre* (S). 4.35 Just the Job. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News. 6.30 Frank Muir Goes [illegible] . . . Hypocrisy (S). 7.00 News. 7.05 The Archers. 7.20 The News Quiz (S). 7.50 The Monday Play (S). 9.20 Letters from India. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. [illegible]

London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 4,484

ACROSS

1 Horse 'as to pay the supreme penalty (7)
5 Principal beginning sentence (7)
9 River useless to French writer (5)
10 A trap enclosed area of battle (9)
11 Invented in sleep (7, 2)
12 Where the coins go head first in idleness (5)
13 First person to shelter in *scrum* (5)
15 Leaves at bedtime (6, 3)
18 Three days a week worker, for example, *bit* watchman (4, 5)
19 Lowest point of broken drain (5)
21 Settled course for singer (5)
23 *Stick resistance to firm* (5, 4)
25 Help second one workman (4, 1, 4)
26 Another thing for which striker gets no credit (5)
27 Not *many* went to pieces opposite (7)
28 Sorry feeling for soldiers' code (7)

DOWN

1 Scotsman with a mother paving the way (7)
2 Dickensian uncle represent*ing American hitter* (3, 6)
3 A lot of people upset in part of India (5)
4 Wonderful to strike clean sporting sweep (5, 4)
5 Potato that could make a packet (5)
6 Stops as wolves mind the baby? (5, 2, 2)
7 Disorderly rout right inside cathedral (5)
8 Another sort of chattel fastening (7)
14 Divert harbour (9)
16 Plant foreign language with its article (9)
17 Mr. Chips made an outstanding picture (3, 6)
18 Two girls found casing a joint (7)
20 Struggle to get on with artist over sketch (3, 4)
22 Nobody goes to opening of *Tosca* for nine to perform (5)
23 Large number supporting member for south-west (5)
24 Imagine giving fourth class a lot of paper (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. [illegible] Sat 7.30 [illegible] Romeo & Juliet. [illegible] balcony seats [illegible] of perf.

COVENT GARDEN. [illegible] Seymour [illegible] Thurs at [illegible] gardée. [illegible] & Fri at [illegible] (Paul Hudson replaces Forbes Robinson all perfs).

SADLER'S WELLS THEATRE. [illegible] 01-837 [illegible] 10 am [illegible] Feb 21. [illegible] GILBERT AND SULLIVAN OPERAS. [illegible] 7.30 Mats [illegible] 2.30. *Tonight* [illegible] Penzance. [illegible] to 11 HMS Pinafore. [illegible] £7.50.

THEATRES

ADELPHI. CC 01-836 7611. [illegible] Sat. 4.00. [illegible] TONY BRITTON [illegible] PETER BAYLISS [illegible] in MY FAIR LADY. [illegible] through to [illegible] 01-836 7358 [illegible]

ALBERY. 01-836 3878. CC [illegible] 6565. Go. [illegible] Evgs. 8.00. [illegible] £2.90. Sat. [illegible] Denis Lawson [illegible] Actor DRAMA AWARD 1980. [illegible] & Hart's PAL JOEY. [illegible]

ALDWYCH. S. 836 6404. CC [illegible] (10-6. Sats [illegible]) SHAKESPEARE [illegible] PASSION PLAY [illegible] Nikolai Erdman's [illegible] and O'Casey's [illegible] THE PAYCOCK [illegible] *Prestel* book. [illegible] 6061. RSC [illegible] Piccadilly.

AMBASSADORS. [illegible] Eves. 8.0. [illegible] 5.30 & 8 [illegible] Mystery Play [illegible] Critics of [illegible] Daily Telegraph [illegible] Observer ALL ACCLAIM THIS REVIVAL OF PRIESTLEY'S [illegible] Prices £2.50 [illegible]

APOLLO. S. CC [illegible] 379 6061. [illegible] Eves 8.0. W[illegible] RODNEY BEWES [illegible] in *MIDDLE* [illegible] the Year W[illegible] 1979.

COMEDY THEATRE. [illegible] Last 2 weeks [illegible] Thurs. 3.00 [illegible] RICHARDSON [illegible] Production [illegible] Storey.

CRITERION. S. [illegible] Grp. bkgs. [illegible] 8. Fri. & Sat. [illegible] JONATHAN [illegible] TRICIA GEORGE [illegible] REVUE TOM [illegible] and lyrics of TOM LEHRER.

DUKE OF YORK'S. [illegible] Evenings 8.0. [illegible] FRANCES d[illegible] KEYSER in [illegible] FOR ONE. [illegible] 379 6565. [illegible] 836 3962.

GARRICK. S. [illegible] 8.0. Friday [illegible] (Red. price [illegible]) 01-379 6061 [illegible] DEATHTRAP. [illegible]

GLOBE. S CC [illegible] FOR 12 WEEKS ONLY [illegible] ROWAN ATKINSON [illegible] Feb. 17 & [illegible] 7.0. Subs. 8. [illegible]

GREENWICH THEATRE. [illegible] Evenings 8.0 [illegible] LAUGHTER [illegible]

HAYMARKET. [illegible] 01-930 9832 [illegible] Monday-Saturday [illegible] SMITH in V[illegible] Edna O'Brien [illegible] of Virginia [illegible] by Robin P[illegible]

KINGS HEAD. [illegible] DAFFODILS [illegible]

LYRIC. S. CC [illegible] 8.00. Wed. [illegible] DINSDALE LANDEN. NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

NATIONAL THEATRE. S: 928 2252. OLIVIER (open stage): Ton't. Tomor 7.30 AMADEUS by Peter Shaffer. (Sisterly Feelings must end Thur.). *LYTTELTON* (proscenium stage): Ton't 7.45 THE PROVOKED WIFE by John Vanbrugh. Tomor 7.45 THE BROWNING VERSION/HARLEQUINADE. COTTESLOE (small auditorium—seats £3.70. Day seats £2.20. Student standby £1.50). Thur. 7.45. Preview THE TICKET-OF-LEAVE MAN by Tom Taylor. Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs 928 5933.

[illegible] 23, 24, 25 at 8.00.

VAUDEVILLE. S. CC. 01-836 9988. Twice daily 2.45 and 7.45. TIM RICE and ANDREW LLOYD WEBBER'S JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT. Group sales 01-379 6061. EXTRA MATS DAILY AT 2.45.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Wed. and Sat. 2.45. Group Sales 01-379 6061. ANNIE.

WAREHOUSE, Donmar Theatre, Earlham Street, Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY Ton't 7.30 NAKED ROBOTS by Jonathan Gems. All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

CINEMAS

[illegible]

ART GALLERIES

[illegible] MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW. "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

THE ARTS

Festival Hall

Stravinsky Festival

by DAVID MURRAY

Four concerts conducted by David Atherton—three with the London Sinfonietta, one with the London Symphony—make up the latest Festival, or Festival-instalment. This time the works for voices with instruments are on display. The second concert even offers a tiny *première*; but what we had on Saturday in the first concert was magnificent and unexampled—Stravinsky's three successive versions of *Les Noces*.

There was also a loving and lucid performance of his version of Bach's variations on "Vom Himmel hoch" (the Sinfonietta winds delicately pungent), and a shapely account of the *Canticum Sacrum* which wanted only a richer acoustic to set it off. The music was conceived for St. Mark's in Venice, and in the relevant ways the Festival Hall offers no parallel to it. Neil Jenkins etched the aria "Surge, aquilo" with a sure line. But *Les Noces* was resplendent.

The definitive black-and-white version of *Les Noces*, with the singers backed by four pianos and six percussionists, was completed in 1923. Yet Stravinsky had begun work on this stylised wedding celebration almost nine years earlier; not only was that long period of re-thinking and re-drafting unprecedented for him, but the nub of his problem was utterly uncharacteristic—how should *Les Noces sound*? Dissatisfaction with his first version, for massive wind and percussion with eight sinewy solo strings, apparently set in only when it was virtually complete. What Atherton and his forces proved on Saturday was that if the work had remained in that form, we should have been perfectly content, never dreaming that the masterpiece invited the Cubist flattening that in fact it underwent. (Did Picasso's "Demoiselles d'Avignon" begin like that?)

The orchestral *Noces* is in the grand line of Stravinsky's Russian spectacles for Diaghilev, teeming with picturesque life and colour. The orchestral dress makes the kinship overt: the numerous analogies with *Sacre du printemps* (1913) are closest, but more than one passage echoes the earlier *Petrouchka*, there is a rising trumpet-call that evokes *Le Rossignol* (1914), and the string-writing is of a piece with *L'Histoire du soldat* (contemporary with the first draft of *Les Noces*). It was extraordinarily bold of Stravinski to translate all this into the depthless clatter of his eventual band, with the seeming losses that entailed. All along he had wanted a metallic tang in the sound, and considered and tried out balalaikas, harpsichord, cimbaloms; the second version (1919, only half completed) used *only* the latter with percussion, harmonium and pianalo—but the mechanical instrument proved impracticable (two pianos took its part in Saturday's performance). The crucial shift of focus had been made, however, and the final version simply established a more practical scoring with a bigger dynamic potential.

In the ultimate *Noces* evocative colour is rudely sacrificed (and the plain traces of its sibling-works pushed under the carpet). Yet the new sound isn't bloodless: two-dimensional and abstractly bright, a pure distillation of energy, it carries the great vocal celebration. The notional principals of the rite, the fiancés and parents, are carefully not identified with particular soloists, who give them voice only generally and impersonally. Felicity Palmer and Sarah Walker were ideal—and unflagging through two and a-half performances; Peter Hall was equally staunch and clear. In the first version, the concluding invocation and blessing went to him; in the last, Stravinsky transferred it to the bass — super-paternal benevolence instead of eager fellow-feeling — and John Tomlinson took it with towering authority. Everywhere Atherton secured brilliant attack, and the continuous drive of a riotous sacred dance.

Coliseum

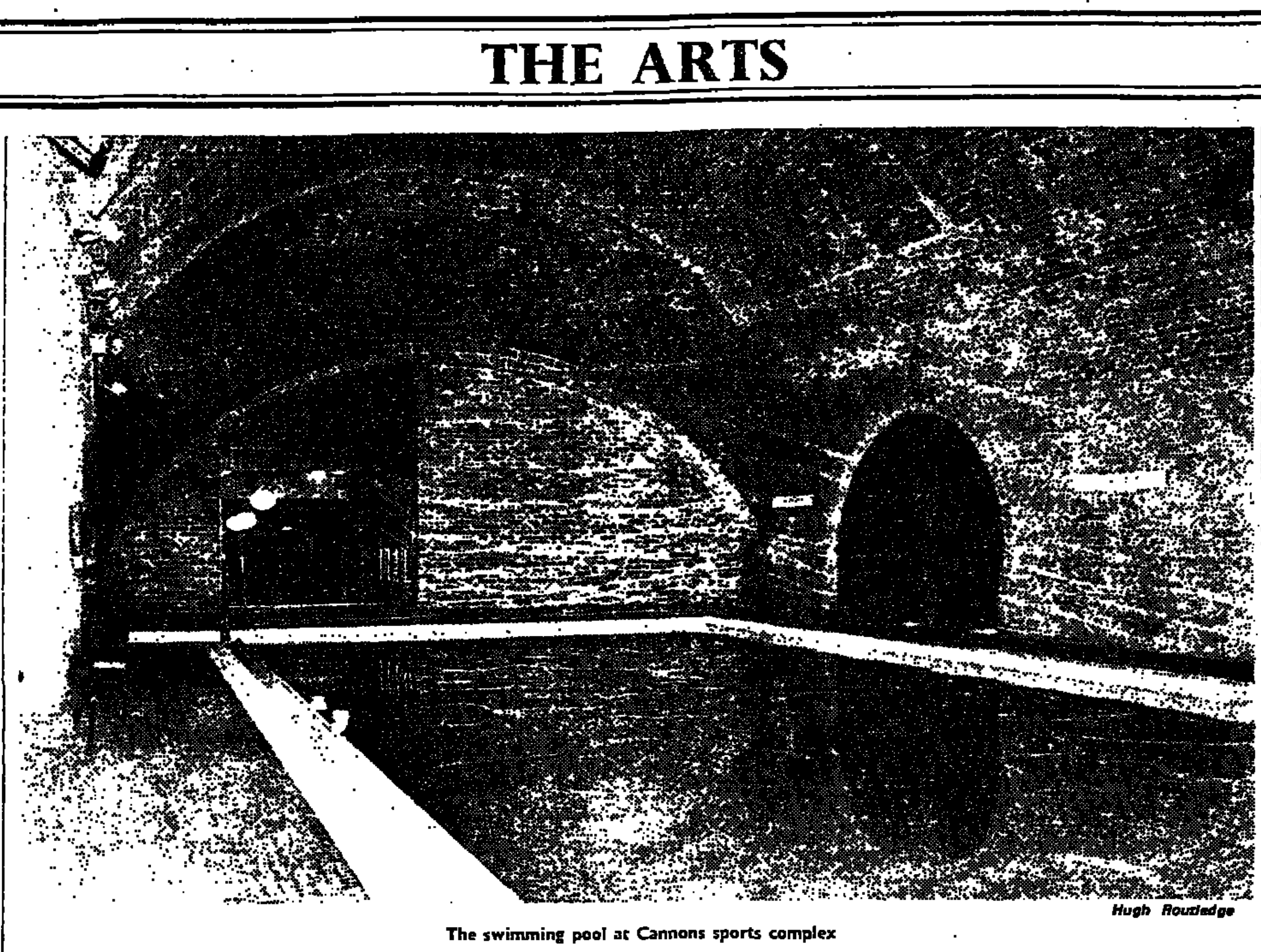
Cinderella

by MAX LOPPERT

Rossini at the English National Opera is an abiding pleasure—recent revivals of *Count Ory*, *The Barber*, and now *Cinderella*, last Friday, have all shown how felicitously the company safeguards his style. Della Jones is once more the heroine, as she was of this Colin Graham production when it belonged to the English Music Theatre, and then, two years ago, when it first came to the Coliseum. She is more than ever an enchantment, a delight to watch and to hear. Angelina discovers in her a vein of poetry that an otherwise no less polished Rosina last month slightly failed to; in sadness and in merriment each phrase takes on its own special colour, each word its own shading. On Friday, in addition, there seemed a new flash and brilliance in the divisions of the *Rondo finale*; leaps high and low shot out bold and true, not a run or scale was scamped, the tone was secure in every position and placement.

Miss Jones is the principal but not the sole reason for vigorously encouraging a visit to the Coliseum: it is a *Cinderella* in which all parts function, in which comedy is not replaced by puppet-play (the sisters of Meryl Drower and Shelagh Squires are "real," nicely observed, and very funny). Of the cast only Dandini, Alan Opie, approaches Angelina's command of *canto fiorito*, and his easy, personable stage manners sit attractively on the role; but there is unexaggerated warmth in Geoffrey Chard's Alidoro, and a real sense of discovery in the Magnifico, all puffed-up cheeks and windy expostulation, of Thomas Hemsley—he is the single newcomer to the cast, and will be even better when the voice learns to sail more strongly over that huge orchestra pit.

Graham Clark, the Prince, has yet to master a properly smooth, honeyed *tenore di grazia* style (to that end a course of De Lucia, Anselmi, Bonci, and Smirnov is cordially prescribed); there is no trace of routine in his alert, bright-eyed responses. As with most young conductors who keep the rhythms trim and forward and the ensemble taut (mostly so: there were hints of roughness in patter sections), Stephen Barlow hasn't yet found out all the places where Rossini can profitably be allowed to expand and linger. A tempo for the Rondo beautifully judged to singer and situation suggested that he may well proceed to do so. *Cenerentola* is the warmest and most "human" of the Rossini comedies. Its message is noble and its touch light. That, at least, is what comes over in this revival.



Hugh Routledge

The swimming pool at Cannons sports complex

Architecture

Underground activities

by COLIN AMERY

Cannon Street Railway Station was built as the City terminal of the South Eastern Railway in 1865-66. It is distinguished chiefly by the two strangely monumental towers by the river at the end of what was a magnificent train shed. On the Cannon Street side of the station there was once an hotel by the talented Victorian architect E. M. Barry. This was replaced in the early 1960s by a completely boring group of curtain walled office blocks by a certain J. G. L. Poulson, who subsequently found fame for activities only distantly related to architecture.

Last week the architectural history of the station site was extended in a subterranean direction. Beneath the railway tracks there is an acre of London stock brick vaults. They are large and dramatic spaces that would have delighted Piranesi. It is unlikely that the Italian artist of the Roman catacombs played squash and so he would not have wandered into Cannons — The City Sporting Club, the new tenant of the Cannon Street vaults.

It was certainly an imaginative idea to utilise all this space and it took a consortium of City financiers to persuade the conservative British Rail owners to lease the large acreage below the rails. Locating a sports centre "for the discriminating executive" in these dank halls posed unbelievably difficult problems for the designers John Scrivener Associates of Dorking, and the contractors Miller Buckley. Their main problem was to fit the new facilities between the existing arches in such a way that British Rail could continue to maintain the whole structure of the vaults.

They also had to find a way of coping with the damp that penetrates from the railway lines above. Luckily for everyone the arches turned out to be slightly wider than a squash court which allowed the courts to be built as completely separate structures. There are 10 courts, including one glass-backed one for competitions with portable seating for spectators. Two large gymnasia allow for a very wide range of activities including tennis, badminton, five-a-side football and even hockey if you can sort out the complex web of multiple line markings.

Perhaps the most successful space in terms of architectural atmosphere is the swimming pool which, although it is small, feels like a warm rock pool in a mysterious cave.

There is also a terrifying Trymnasium which contains a formidable battery of machines that look as though they could change your shape when everything else, including cosmetic surgery, has failed.

The generous provision of sports facilities is not matched by the changing spaces which are just small rooms full of pegs and lockers with little privacy or comfort. It is curious how often in hotels and pools designers never seem to know what it is like to take a shower. There is never anywhere to put the soap and the thought of a shampoo bottle is just too much. There is always that dripping walk to find the towel because there seems to be no way a peg can be fixed close enough to the shower for comfort but far enough away to keep the towel dry. But there are more sybaritic delights to divert these small criticisms like the "spa" bath which is a bubbling hot tub guaranteed to soothe away troubles.

Across the narrow road by the entrance to the club is the large new restaurant and pub which have been built out over the river. These are useful additions to the City's few establishments that acknowledge the existence of the Thames. When I was there on a winter afternoon there was even then a certain gloomy pleasure in watching the detritis of London float by the windows. In summer the prospect should be much more appealing.

I often wonder whether it is English Puritanism or just the left-over taste of the school gym that makes indoor sports seem slightly furtive? These new City facilities do much to improve that image but it is sad that they could not be much more lavish. Where are the Roman halls lined in marble, the splashing fountains and the soaring grandeurs of the *thermae*? There isn't even a water fountain to refresh the sweating squash players half way through a match. The use of this underground space has to be welcomed and when the recession moves on perhaps we can all afford to be a little more luxurious about our pleasures.

Cannos—The City Sporting Club, is in Cousin Lane, London, EC4, beneath the station at Cannon Street.

Haymarket

Virginia

by MICHAEL COVENEY

Over the past ten years, ever since the publication of Quentin Bell's biography, it seems as though not a Sunday has gone by without the appearance in one of the newspapers of yet more secondary material about Virginia Woolf and the Bloomsberries. One's resistance to all this has stiffened by the week. As if to ram the point home, Edna O'Brien's play starring Maggie Smith hits London after a triumphant showing in Stratford, Ontario, just as Frances Partridge breaks silence and brings out *her* memoirs.

All fears are confounded, however, by this riveting collaboration between Miss Smith, Miss O'Brien and the director Robin Phillips. I last saw Maggie Smith onstage in *Private Lives* in 1973. Those modulated whines and semaphore gestures quite buried the emotional range she had hinted at as Desdemona and Hedda. Coward was too much of a temptation to bad habits. What we now see is a great tragi-comic actress in full bloom, a brilliant technique at the service of wonderfully expressive material, and not *vice versa*. Canada, and Mr. Phillips, have done wonders for her.

The evening is bravely topped and tailed by a description of the one experience, death, that Virginia told Vita Sackville-West she would never describe. This paragraph is first delivered in a voice of quiet apprehension. At the end, the voice soars, exultant and golden. In between we have an expressionistic distillation of what the writer called "moments of being." The cotton wool of everyday experience is banished. So, there is hardly a mention of the trials and tribulations of running the Hogarth Press, very little of how her life was divided between London and Rodmell, and not a whisper of the pamphleteering literary feminist. Instead, as Quentin Bell said of her novels, you hear Virginia Woolf thinking.

The occasional mundane occurrence, such as the intrusion of a journalist in the country, is cleverly turned by the playwright into an extended, disgusted shiver, a profound plea for privacy similar to the strange shudder Miss Smith delivers on contemplating copulation. The Bloomsbury crowd arrive, unseen, in Gordon Square and the event is captured in an aloof silence and beady expression as Lytton Strachey identifies a stain on Vanessa's dress as a trace of semen. Just when the play threatens to become a resistible succession of name-drops, we close in again on those curious mystical reflections accompanied by the lapping of water that runs like a *leitmotif* through the performance.

The production is exquisitely set by Phillip Silver against an arrangement of scrims on which are projected bare, haunting branches at Rodmell and, for the fateful encounter with Leonard Woolf, the streets of London. Apart from that, there are just two chairs and a raised triangular acting area. No properties.

Miss Smith is supported by Nicholas Pennell as a slightly juddering Leonard (after a brief, hunched impression of the bereaved Leslie Stephen) and Patricia Conolly, who bursts in, a flash of dark looks and high colour, as Vita. These two are Virginia's cohorts, the latter playing a marvellous scene culled from the book in her honour, *Orlandò*, before leaving to join Harold Nicolson in Persia. The high spot of the first act is the big breakdown, played with brave attack as a full-scale mad scene presided over by a watchful husband.

In moments of repose, Miss Smith's refined features suggest an astonishing likeness to the Tomlin sculpture. She compensates for lack of height by arranging her limbs in attitudes both languorous and exact. Her long, dull green skirt has its line delicately broken by the most graceful of boney protuberances. Above all, you get the sense of a spirit, wild in its small way, bursting to be left alone and, finally, appallingly considerate in taking herself off to the Ouse, laden with large stones; and leaving a heart-broken and puzzled Leonard to get on with his own life and work.

Glasgow Citizens'

The Massacre at Paris

by MICHAEL COVENEY

I know of only one professional production of Christopher Marlowe's unseemly bloodbath in recent times, that of Patrice Chereau some ten years ago. The whole of *Tamburlaine* has only 18 onstage corpses; *Massacre* has 20 (not counting the 100 Huguenots thrown into the Seine) which works out at one every 63 lines. The text, claimed the Oxford editor, is "shockingly garbled" and the play devoid of "either coherence or artistic finish."

The Citizens' glorious revival, directed and designed by Philip Prowse, refuses to be cowed by such academic strictures. The stage, rising by steps from the auditorium, is like some Gothic altar prepared for a funeral. Bunches of candles illumine the black-draped edifice. The actors arrive like Jacobean conspirators through the stalls, gargling, coughing and arranging their properties. They are to perform for the Virgin Queen, brilliantly isolated above the action as if throned in a tabernacle. The English monarch will applaud the downfall of the Duke of Guise and, by implication, of all Papist infiltration subsidised by Philip of Spain. She even breaks silence to join in the one comic scene with a Somerset roar of approval and descends to the lower level for the final dance, bundling the actor who plays the Duke off the stage with a hefty swipe of her cummerbund.

Four actors play all the main roles (with three others in support) quick-changing behind two rapidly manipulated traverse curtains. Much of the verse may well be corrupt and broken-backed, but there is marvellous swiftness of expression resulting in priceless moments. "Come sir, give me my buttons and here's your ear" is one example of unpremeditated mutilation. And, of course, there is the famous long speech of the Duke that encapsulates, as well as anything in Marlowe, the outrageously heroic ethos:

> That like I best that flyes
> beyond my reach.
> Set me to scale the high
> Peramides,
> And thereon set the diadem
> of Fraunce,
> Ile either rend it with my
> nayles to naught,
> Or mount the top with my
> aspiring winges,
> Although my downfall be
> the deepest hell.

Robert Gwilym plays the Duke as a swaggering saturnist, curling his black lip with some relish for all those hubristic references to himself as Caesar. There are three kings on the throne before, at the moment of his come-uppance, he climbs to the regal eyrie and tumbles in an undignified heap. The Machiavellian imagery is throughout underpinned by such bold choreography.

We have poisoned gloves, the shooting of the Admiral with a blunderbuss, a double stabbing, an accumulating pile of dummies, great jets of blood squirting into the auditorium, a murderous friar slithering across the stage to exact vengeance and even a hint of adultery and the suggestion that the Duke was a changeling.

The whole turbulent farce of sectarian recrimination comes across as a whirl of black and gold enacted for the satisfaction of Protestant righteousness. Mr. Gwilym's chief partners in splendid crime are Jill Spurrier, John Breck and Steven Dartnell. Beautifully lit by Gerry Jenkinson, the show is a company triumph of the first order and a veritable smack in the jaw on the unambitious face of most classical work in the British theatre.

Greenwich

Present Laughter

by B. A. YOUNG

I've always thought *Present Laughter* the best of Noel Coward's plays, and this production, beautifully directed by Alan Strachan, shows my reasons clearly. In the first place, it's a play about working people—only working in the theatre, it's true, and rich, but they aren't the idle *nouveaux riches* with which Coward peopled other scripts. They have something to think about besides going to bed with one another. Even the mad Roland Maule's obsession with Garry Essendine is based on drama rather than sex. Then in the second place, Donald Sinden's performance demonstrates exactly how well-written a character Garry Essendine is.

Because he was originally played by Coward, and in most later productions by actors trying to give their impressions of Coward, we got the impression that this was a pretty autobiographical character. We have a successful romantic comedian advancing (as his secretary says) with every sign of reluctance into middle age. This is just what Mr. Sinden gives us; but he never tries to make it at all like Coward. Garry Essendine is a part that a good actor can make his own with no tribute to anyone, and Mr. Sinden's version, while absolutely faithful to the play, is also a complete Sinden performance such as we have so often seen in a variety of other parts. It is a total success.

No point in recounting the story, which is laid out on strictly Feydeausque lines. Garry is surrounded on one side by genteel parasites that range from an ambitious ingénue (Belinda Lang) to top figures in management (Ian Gardner as Henry, Michael Fleming as Morris); and on the other by faithful retainers—a comic Swiss housekeeper, a comic valet, a secretary privileged to intimacy (nice work by Gwen Watford) and a not very-estranged wife (glamorous Dinah Sheridan under her funny little hats). A situation of immense complexity builds up on the evening before Garry leaves for an African tour, and is resolved as heartlessly as it is composed.

The playing throughout is excellent. I only have one reservation, and I don't know whether to attribute it to the player, to Mr. Strachan or to the author. Roland Maule, the eccentric young fan, is done by Julian Fellowes as if he were in a circus, jumping up on to chairs and so on. I don't see him as quite such a clown, but maybe it's all in the script; at any rate he does it well enough. Joanna Lyppiatt, the most persistent of Garry's assailants, is given a high polish by Polly Adams, aided by a beautiful black-and-white evening dress, part of the splendid decor by Peter Rice, who has put a *trompe-l'oeil* landscape on the kitchen door in Garry's studio.

The sense of period (late thirties) is impeccable. Whisky, you will see, is drunk with soda and without ice. Details of this kind can make or break an atmosphere. Here they help make it. I shall be astonished if this production doesn't have a long and successful run.

RUGBY by PETER ROBBINS

Kingsholm left in mute disbelief

THERE ARE not many club or county sides who leave Kingsholm, Gloucestershire's home ground, with a victory but Northumberland, appropriately in their centenary year, managed this feat by beating Gloucestershire 15—6 in the Thorn County Final.

It was Oxford rugby wit Joe McPartlin who said that the definition of silence was the reaction of the Gloucestershire's crowd when the opposition scored.

That judgment may be a little harsh but when Northumberland — trailing 3—6 with six minutes to go—scored two tries through Roberts and Pollack, converted successively by Johnson and Young, there was mute disbelief among the locals.

It was a splendid game not because there was a lot of fancy open play, but because of the very nature of the sustained forward struggle that took place and the differing ways the half-backs and three quarters used their possession.

It was a game for the player and the connoisseur and, what is more, it was played without rancour and violence.

Northumberland left it a little too late for the comfort of their vociferous supporters and it could be said that they had wasted their best opportunities. Johnson and Young had missed three first half penalties when the whole team had Gloucestershire under tremendous pressure. Early in the second half Pollack dropped the ball with the Gloucestershire line completely unprotected and then immediately Breakey cut inside with men to spare on his right.

No matter, for the whole side showed extraordinary resilience. The confidence that permeated their pack was passed to them by their wily scrum-half, Young.

Gloucestershire shoved Northumberland in the first set scrum but it had little significance because later Bell, Cunningham and White were easily the equal of the better-known Gloucestershire front row. It was Northumberland who finally did the pushing round and whose big men, Roberts and Bainbridge, were getting round the field that much quicker.

Bainbridge had a great battle with Fidler and Hesford at the conventional line-outs. When Northumberland varied the length of their line-outs as they often and cleverly did, Anderson and Smallwood took over.

There was also an intriguing struggle between the two back rows where Rafter and the dynamic Wood flirted dangerously with the offside laws.

Hesford, the Gloucestershire No. 8, was in energetic and destructive mood but Gloucestershire's back-row play as individauls where as Richardson, Anderson and Smallwood played as a unit.

Young has been around for a long time now and his experience and calm were of great value to his side. It was his break that led to Northumberland's second try, his smooth pass that allowed Johnson, the fly-half, to play such a decisive role. However, there were some rather hairy moments further along the line which Patrick, the full-back, managed to cover up.

Kingston directed the game well but could have run more to pull in the Northumberland back row. Sorrell, who has so much natural talent, had been told to kick when at times the obvious manoeuvre was to pass. So it was left to Mogg and Cue to provide the dash in broken play.

Mogg was extremely elusive, so much so that he often lost himself. But, it was Cue, a full-back in the divisional games' who looked the most interesting three-quarter on the field.

It was ironic that Gloucestershire should lose after holding the lead for so long, but their game was nothing like as expansive or adventurous as Northumberland's.

● The playing sub-committee report No. 1, Revision A, was made available prior to the final but there is a serious risk that this report will lose its initial impact unless a firm decision is made on it.

The overall objective is to improve the quality of play at representative level. The broad conclusions are that a democratically structured system will enable the ambitious and successful players and clubs to reach the high echelons, that competitions should not last throughout the season and that clubs need positive leadership from the RFU.

The sub-commitee has given its very positive views on the reorganisation of the game and it must be hoped that a decision will be made quickly.

SOCCER by TREVOR BAILEY

Southampton show attacking flair

SOUTHAMPTON CONTINUED their splendid spell, though not all that convincingly in the second half, with a well deserved 2—1 victory over Sunderland on Saturday.

They have now extended their winning sequence to seven matches, remained undefeated in the last 12, and notched a remarkable 28 goals in the last eight to demonstrate plainly that these can, with the right approach, still be acquired even in this defence-conscious era.

Throughout the first half, Saints tore the opposition apart with some brilliant attacking football. This deserved more than two beautifully taken goals by Keegan, a delicately placed flick with the outside of his foot from an acute angle and a perfectly timed, near-post header from an inswinging corner.

After the interval Southampton lost their momentum and most of the magic departed, though the overworked Siddell did bring off a couple of fine saves and Channon, whose finishing left much to be desired, squandered at least two reasonable chances, while the visitors snatched one back in the last minute.

Recent form and goals scored suggest that Lawrie McMenemy's side would be up with the league leaders if they had not experienced an indifferent, and injury-hit September and October. Now their sights must be firmly fixed on Wembley and climbing sufficiently high in the table to qualify for the cash and glory of a place in Europe next season.

What are the main reasons for this transformation? First, Southampton possess a number of highly skilled craftsmen to whom their manager has allowed considerable freedom of expression, fitting the system to the players, rather than the players to the system.

Secondly, the glut of goals stems from the fact that against Sunderland they employed three forwards in attack, the exciting Moran on the left, the enigmatic George in the middle and the knowledgeable Channon on the right, with Keegan constantly linking with this trio as a result.

Third, four men up front is not only unusual, and tends to confuse the opposing defence, but also means that they are often able to cut out their middle line—in which Williams was especially prominent — with a direct pass from the rear-guard to one of the front quartet.

This can achieve instantly those potential scoring situations which Moran, George, Channon and Keegan relish. Although Moran did not score on this occasion, one fine shot on the turn under pressure, and a powerful header, plainly showed why this highly promising young finisher has netted 13 times in 17 matches.

Finally, the side, with a blend of youth and experience is showing a confidence and arrogance, which can be seen in the imagination and skill of some of their brilliant first-time passing.

Like all teams who spend so much time on the offensive, Saints are inevitably vulnerable against the quick counter-attack, especially if this is launched along the ground. In the air, their two tall central defenders, Watson and Nicoll, dominate.

This vulnerability could prove their undoing in their encounter with Everton in the fifth round of the FA Cup, if they are unable to establish an early lead.

In addition, several of their players are nearing the end of their careers, which could account for their inability to maintain their initial breakneck gallop in the second half. This could also mean that this is the year which represents their best chance to win a major honour, as next season may be too late.

On gaining promotion to Division I, the prime objective of every club must be establishment. Nobody appreciates this more than Sunderland who, unlike so many newcomers, have genuine First Division pedigree.

Their last return in 1976 only lasted one season, but though their present position in the bottom half of the table is not secure, a return to the Second Division, judging by their performance against the Saints, is improbable.

Crystal Palace, whose rapid decline has been due to bizarre circumstances, and Leicester, despite their improbable win at Anfield, are nearly doomed. Sunderland, especially when their expensive acquisitions, Bowyer and Ritchie, have settled, look decidedly more formidable than Norwich and Brighton and, possibly, Birmingham.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Monday February 2 1981

Time to restate the strategy

THE GOVERNMENT approaches the crucial 1981 Budget faced with a paradox. If it is judged by the objectives set out in the Medium Term Financial Strategy, it must admit almost complete failure. The growth of the money supply and of public spending, and the level of public sector borrowing, are all wildly in excess of their intended levels. These targets, however, represent only means to an end, the reduction of inflation, and here progress now looks highly encouraging. Meanwhile the real economy shows that the squeeze through which this has been achieved is far fiercer than Ministers intended.

The Government has clearly drawn its own moral from this set of contradictions. Excessive Government borrowing, due to policy mistakes, high wage costs, and to slightly disappointing oil revenues is the cause of the trouble. The remedy is a tight Budget, designed to achieve a better balance between fiscal and monetary restraint, and leave room for a sharp cut in interest rates. We naturally support this as a simple statement of objectives, since we have been arguing for such a policy shift for the last three years; but a statement of objectives is not the same thing as an operational plan, and there are problems to be solved

The logic of the plan rests on two crucial assumptions, both of them questionable.

The first is that any measures which reduce the total demand for domestic credit will lead to a fall in interest rates. This is true only if the Government's operations in the credit markets are guided by an indicator which gives prompt and reasonably reliable readings of credit conditions. Sterling M3, the official measure of money, fails this test, as Ministers have admitted.

The second assumption is that any measure which reduces Government borrowing will also reduce total credit demand; but this is true only if tax changes or expenditure cuts do not lead to an equal increase in private borrowing. Any changes need to be carefully designed.

The Government adopted a Sterling M3 policy in the hope that one number could serve to guide both economic expectations and day-to-day policy decisions; experience suggests that the real world is not as simple as that. Broad money, on M3 or any other measure, has proved both unmanageable and misleading: it seems to measure financial stress rather than inflationary pressure. No other single measure looks much better.

Guidelines

In these circumstances, the Chancellor may well have to state his long-term objectives and his operational guidelines in different terms. It is true that it might now be possible to set an apparently much tighter target for M3, and to achieve it thanks to the vagaries of the inventory cycle, but this combination of base drift and opportunism would hardly look like long-term strategy.

It would be better, surely, to state the strategy in terms of its true objectives rather than of an intermediate target: to bring the growth of money GDP progressively into line with potential real growth, and so preserve the value of the pound. This is a plan everyone can understand.

Operationally, it would then be possible to rely on a more sophisticated range of indicators, including broad and narrow money, the monetary base, the growth of domestic credit and the movement of the exchange rate. Both the authorities and the market should be able to draw the same broad conclusions about what these measures show, after allowing for temporary special factors.

A stable and practical set of rules for monetary policy, allied to the helpful technical changes in day-to-day management which are now being introduced, would provide one element of a consistent medium-term strategy—and the Government is right to attach the highest importance to consistent policies.

Fiscal policy needs to have the same consistency. This implies that the so-called "Budget judgment" is of rather secondary importance; the formula recently suggested by Mr. Nigel Lawson, Financial Secretary, seems the right one. The Budget should aim to get the underlying fiscal balance back on track. This is difficult to measure, but it is nevertheless better than aiming at a forecast in cash terms which no one, after the experience of recent years, is likely to believe.

It may seem very heartless to argue even for underlying fiscal deflation at a time of deep recession and record unemployment; but provided that monetary policy is redefined to provide a firm pivot round which fiscal and monetary restraint can be balanced, the approach should prove helpful.

Pressure

A fall in interest rates is in fact the most effective way of helping industry, and more selective than any bureaucratic rules could be. It concentrates help on those under financial pressure. In addition, it should reduce upward pressure on the exchange rate, as Mrs. Thatcher stressed yesterday, and provide the most painless way to cut public spending.

This is not an argument for unlimited deflation; as we have pointed out, fiscal measures which intensify the squeeze on the private sector may not reduce credit demand, and could cause misery to little purpose. Indeed, we would judge broadly that the November measure should have been adequate to get the underlying balance right, provided that the Government achieves a moderate public sector pay round.

The Chancellor's difficulty is rather to find finance for some detailed assistance to industry—notably on small company finance, energy costs, and perhaps the burden of local rates—without damaging this underlying balance. He may also be unwilling to impose the full indexation of specific duties which would be necessary to maintain the balance in real terms.

There have been hints that the answer will be sought in an increase in personal taxation by over-riding the Rooker-Wise-Lawson indexation of personal allowances. This would be a regressive alternative to a straight rise in tax rates, and neither should be necessary in our judgment.

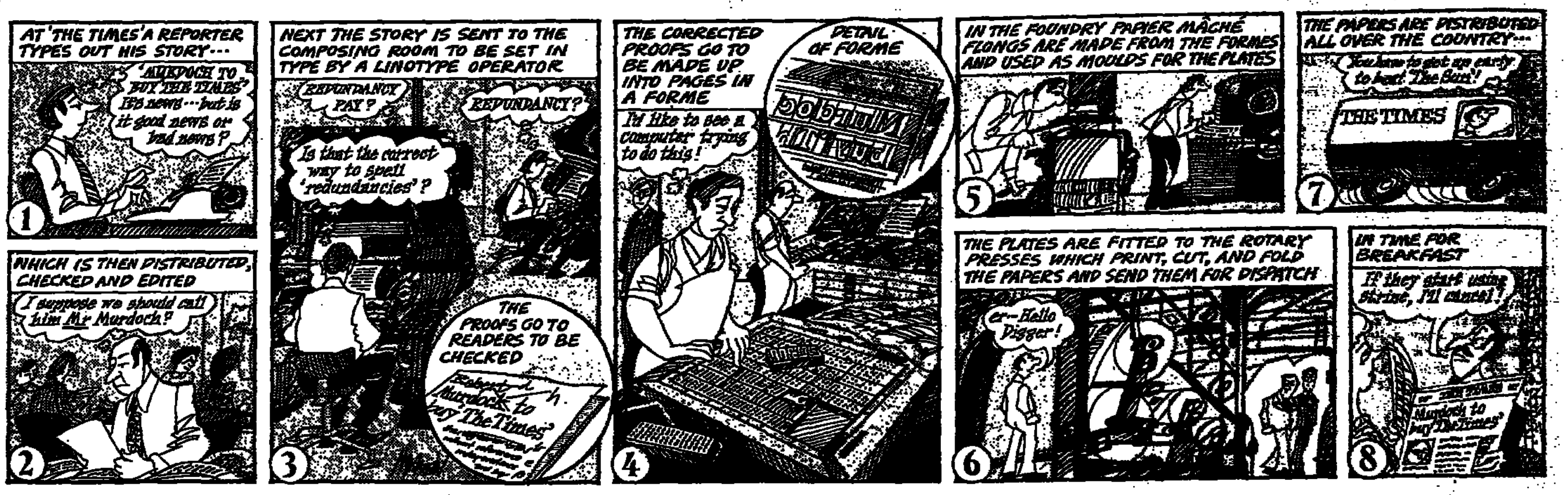
The Chancellor should look rather to a restructuring of North Sea oil taxation, carrying the promise of future revenue, and to a broadening of the tax base—a wider taxation of payments in kind, and a reduction in some allowances, such as the £850m allowed annually against contractual saving. Finally we would urge yet again that he should seek ways to reduce the largest single item in the expenditure budget, the cost of debt service, partly by allowing public industries to finance profitable investment on commercial terms.

All these steps would not only help the fiscal balance in 1981-82, but would represent progress towards the strategic objective by which the Chancellor's measures on March 10 should ultimately be judged.

UNIONS AT THE TIMES

The size of Mr. Murdoch's task

By John Lloyd, Labour Correspondent



"The Times was founded in 1785 . . . journalism in 1785 was a disreputable occupation . . ." (Monopolies Commission report on proposed purchase of The Times by Thomson Organisation. December 1966.)

IF MR. RUPERT MURDOCH wishes to take The Times into its third century, he must close deals with the five print unions organised in 54 chapels in the next 11 days.

The future of The Times, and of the Sunday Times and the Times supplements, thus rests once more on grinding haggles over new technology, wage rates, demarcation, working conditions and—the core of the matter—how many people it takes to produce a national newspaper. However familiar it now seems, it remains one of the most difficult exercises in industrial relations in this country, perhaps in the world.

There will be many "crunch" meetings before a deal is struck. Today sees the first of these, when leaders of the print unions meet Mr. Murdoch and his two negotiators—Mr. John Collier and Mr. William O'Neil—to test each other's strength on the major issues.

What follows is an attempt to indicate the size of the task they have taken on, and the re-awakened hostility of the print unions to their demands. It is on their ability to allay, defuse or ignore their hostility that the ultimate success of the Murdoch — or any other — bid depends.

This is not to ignore the strenuous efforts still being made—by MPs and journalists on the Sunday Times—to force the Government to refer at least the future of the Sunday Times to the Monopolies and Mergers Commission.

These moves are of great constitutional and legal importance, and may be successful. Yet even if they are, and Mr. Murdoch walks away in disgust, the next putative owner, like the present one, will face the same bedrock truth: that Times Newspapers will live or die through an understanding, or a failure of understanding, between that owner and his workforce.

As in past disputes, the most important unit of the workforce is proving to be the chapel. A chapel — the origins of the usage are obscure — is the printworkers' name for a union shop branch, and the father, or mother, of the chapel is the shop steward. At Times Newspapers, as elsewhere, there are many of them: some, like the NATSOPA clerical chapel, very large (nearly 800); some, like the NGA machine minders on The Times, quite small (around 35).

As it became obvious, towards the end of last week, just what Mr. Murdoch was asking from the unions and their members, so these chapel officials, who a week ago had ventured into no-man's land with the air of men who might play football, dived back into their trenches mid-week and by the weekend were passing the ammunition.

To understand the dimensions of Mr. Murdoch's task, one must first understand in outline how a large newspaper is put together using the "old" or hot metal technology — as The Times, the Sunday Times and most of Fleet Street, including the Financial Times, still do. Mahood's cartoon shows the process in outline: besides these main production groups, there are many clerical, maintenance and service workers who are equally essential, but too varied to show diagrammatically. Indeed, in the 18-hour production cycle of a daily newspaper, almost all groups are essential at some time, and thus almost all can stop it entirely.

Almost all groups can stop the newspaper entirely

Working through these groups, here, as far as we know them, are the cuts Mr. Murdoch wants to make:

● None of the journalists, mostly members of the NUJ (frame 1 of the cartoon), on the newspapers or supplements know what is in store for them: they have been told there will be some layoffs. A persistent rumour has been that 40 of the Sunday Times' 340 journalists (of whom more than half are part-time) will be asked to leave: the 330 at The Times feel more secure, but may not be.

● The 60 photographic block makers, members of the integrated Times Newspapers SLADE chapel, also feel secure because, general secretary Mr. John Jackson claims, "there is no fat to trim."

● The biggest single chapel in the group is that of the clerical workers, who are in NATSOPA. They are librarians, secretaries and advertising staff. There are 800 of them: some 220 of these have been marked for redundancy. NATSOPA also represents (in a variety of chapels) many of the general and service workers on the paper, and small groups who assist craftsmen grades—engineers and readers' assistants, together with canteen staff, cleaners and commissionaires. These add up to 400, of which around 100 are down to go.

Here, as elsewhere, the cuts vary in their effects within the overall grouping. For example, 29 of the 70 engineers' assistants must leave, but Mr. Murdoch wishes to keep all 13 commissionaires.

● The composing room (frames 3 and 4 of the cartoon) is generally regarded as the most highly skilled part of the newspaper's production process. It includes the crafts of typesetting, composing, headline-making and reading, all (except for readers' assistants) organised by the NGA. The overall NGA composing room strength at Times Newspapers is around 350, of which more than 180 are marked to go, mainly among the compositors. This had already been largely agreed before Mr. Murdoch came on the scene. Severance payments of up to £20,000 had been negotiated and a three-year period set for the redundancies. Mr. Murdoch wants that accelerated to six months.

● The foundry (frame 5) is also an NGA preserve, with some 50-60 staff for both newspapers. Here, cuts of around 15 are proposed.

● The machine rooms (frame 6), where the newspapers are printed, are a mixture of NGA and NATSOPA, and traditionally the area of fierce demarcation disputes. The NGA organises the machine minders (or managers as they have recently been called), and has around 35 at The Times and 110 at the Sunday Times. The NATSOPA machine assistants number under 100 at The Times and 450 at the Sunday Times. Mr. Murdoch wants between 25 and 35 per cent fewer of them all round—especially at the Sunday Times, where most are "casuals" working only a long Saturday night.

● Finally, in the warehouse and distribution areas (frame 7), SOGAT rules over 400-500 despatchers and drivers, and has been told to rule over around 120 fewer. Its 100 drivers are to be worst hit: they are being told to lose their assistants, and come down to a strength of 50.

These are, broadly, the kind of cuts Mr. Murdoch wants—for now. He also wants the introduction of computerised typesetting and composing as soon as possible, and he will be after further cuts thereafter. In a sense, this first round of demanning is not "his": the time is too short for his negotiators to make their own assessment of the plant. They have picked up the levels which Thomson wished to achieve, and are running hard with them, hoping the defence is still unorganised.

It will certainly be less strong in some areas. Some of the Sunday Times casual journalists may be excised relatively easily; the general NATSOPA workers are traditionally moderate bargainers; so are those in the SOGAT areas. But in the core areas of the paper, in the composing and machine rooms and in the NATSOPA clerical areas, he has already roused partial or complete resistance to his proposals.

That resistance is hardening not just because of the scale of the cuts. Mr. Collier and Mr. O'Neil have presented a bigger bill than merely demanning, one unprecedently high in Fleet Street terms.

There is room to manoeuvre on some of the demands

It includes demands for: the acceptance of a two-year wage formula, possibly amounting to a freeze; a disciplinary clause which would lay off all print workers on their (very low) basic rates after the third day of an unofficial stoppage by any group; extensive changes in working practices including, for the clerical workers, the reversion to a ten-day fortnight after a year of enjoying a nine-day fortnight; and the removal of the Times supplements out of the Grays Inn Road plant to a contract printing operation, reportedly in the Midlands.

There is room to manoeuvre on some of these. For instance, most officials agree on the need for a disciplinary clause (preferred title: "continuity of production clause"). But they cannot accept Mr. Murdoch's one because they threw it out last year when the Newspaper Publishers Association proposed it in the course of the national wage negotiations — and threw out a milder version, too. If, say, the unions agreed to accept the supplements' move — which they now say they will not — that would be regarded as a very major concession for which a quid pro quo would be expected — not more major concessions.

As in previous battles, two key figures emerge from the shop floor, the fathers of the largest chapels—Mr. Reg Brady of the Sunday Times NATSOPA machine chapel and Mr. Barry Fitzpatrick of NATSOPA clerical. On Saturday evening, Mr. Brady's men wholly rejected any staff cuts, and he will seek the backing of the London machine branch this week. Mr. Fitzpatrick already has the backing of the clerical branch, meeting on Thursday night: it passed motions condemning the cuts and changes in working conditions as unacceptable, resisting the move of the supplements and, in debate, heavily criticising the national leadership for inclining too much towards Mr. Murdoch.

Mr. Murdoch comes to today's meeting with the early fanfares which attended his emergence muted, and with only an even chance of getting Times Newspapers. Both Sunday Times journalists and some MPs believe they can force him to the Monopolies Commission. The print union leaders, most of whom, for a variety of reasons, will send deputies to the meeting, are under growing pressure from below to ditch him.

And the chapel and branch officers' ideas of compromises—which they are prepared to make—is in a different world from his. Mr. Murdoch may be the ablest commander of capital in Fleet Street today, but he must overcome some talented captains of labour before his voice, greatly amplified, thunders through the columns of Times Newspapers.

OUR cartoon shows how raw information is turned into a daily newspaper, a system which has existed largely unchanged for a century. When working smoothly, it is efficient and rapid: even *modern computerised equipment* does not speed it up significantly (and often, initially, slows it down)—though it makes it more flexible and can halve the labour needed. The work is almost wholly *unionised, with five print unions each tending to organise one main* production group. The print craftsmen in the composing, foundry and machine areas (cartoon frames 3, 4, 5 and 6) are represented *by the National Graphical Association* (NGA); the photographic block makers by the Society of Lithographic Artists, Designers, Engravers and Process Workers (SLADE); the assistants in the composing and machine areas (frames 3 and 6), and many general and service areas (frame 2) are in the National Society of Operative Printers, Graphical and Media Personnel (NATSOPA); the warehousemen and drivers (frame 7) are in the Society of Graphical and Allied Trades (SOGAT); the journalists (frame 1 and 2) are in the National Union of Journalists (NUJ), with a few in the Institute of Journalists (IOJ). Two non-print unions have members in maintenance areas: the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

MEN AND MATTERS

A new master at Charterhouse

The next couple of weeks should see the announcement of a new chief executive and future chairman for Charterhouse Japhet Bank. Contrary to speculation, the man to succeed retiring Derek Wilde has not yet been chosen. But the short list is down to two or three names. "The final decision has not yet been made," said Wilde yesterday, "but we are close to it."

The key requirement is that the man should be a good manager. "Preferably a merchant banker," says Charterhouse group chief executive Geoffrey Rowett, though Wilde has cast his net beyond the banking world to consider candidates with backgrounds in accounting and law. It is unlikely that the choice will be a clearing banker.

Wilde joined the Charterhouse Japhet Board in September, when the bank merged with Keyser Ullmann, which he then chaired. Former chief executive Malcolm Wells left in December, citing differences of opinion with Wilde. Joint head of banking and acting chief executive John Turnbull resigned last week as it became clear that the bank was looking outside the group to replace Wells.

Whoever is finally anointed will have the satisfaction of being preferred to a rare selection of talent with hats in the ring for the top job at one of the City's 17 accepting houses. Among the high-flyers called but not yet chosen is David Montagu, late of Orion, Samuel Montagu, and most recently Merrill Lynch International Banking.

"Believe me, we too know what it's like to be short of cash."

Forging on

Where are they now? In the case of former British Steel Corporation chairman Sir Charles Villiers, the surprising answer is that he is just round the corner from his old office, and still in the Corporation's employ.

Villiers retired in June last year, making way for Ian MacGregor. But at his successor's request, he retained his chairmanship of BSC Industry, the Corporation's job-creation arm. Villiers had taken up what was his only subsidiary chair in April 1977, and is now putting in a three-day week at the Grosvenor Gardens office. This week, however, he is in Los Angeles boosting to industrialists there the Industry programme which has assisted 500 projects in the creation of 14,000 jobs.

Fish supper

An epidemic of red eyes and grey faces among high-powered City bankers on Friday morning testified to the success of the party given the previous night by Girozentrale Vienna.

The normal form for a bank opening a new London office is to invite the fraternity round to, say, the River Room at the Savoy for drinks between five and seven. Yes, you go because it is unwise to pass up a potentially useful contact. But no, the fourth or fifth time round it ceases to be much of a treat. Girozentrale was determined not to make the opening of its London branch just another half-forgotten diary date, and budgeted accordingly.

The Hyde Park Hotel was decked out for a black tie Viennese evening, with music by the Strauss Society and the Band of the Household Cavalry. Over 600 scented and arty programmes were distributed to the influential money about town, and the Austrian Minister of Foreign Affairs and Austrian Ambassador installed as patrons of the evening.

The guests, including NatWest's Robin Leigh-Pemberton fresh from dinner at Downing Street, loved it. The bill? Probably something over £50,000. And worth it? "A sprat," says a satisfied Girozentrale, "to catch a mackerel."

Left behind

The Fabian Society was somewhat taken aback last week when it received a "privilege price order form" sent by Encyclopaedia Britannica International to one "B. Webb." Beatrice Webb, a pioneering Fabian with her husband Sydney, "d. April 30th 1943," notes the latest edition of Britannica.

In the kitty

"There was a man on the phone who wanted to talk to you about the musical cats. He will call back." So went the enigmatic message. Musical cats? Are cats not famed for being, if anything, the very opposite of musical? And, anyway, even if there were a cat musical enough to play first fiddle in the Halle Orchestra, what would that have to do with me?

All became clear when the man did ring back, declaring himself to be theatre producer Cameron Mackintosh. The musical cats? Well, the musical, "Cats," actually, based on T. S. Eliot's poem sequence Old Possum's Book of Practical Cats, and written by Evita duo Tim Rice and Andrew Lloyd-Webber.

Mackintosh's recent productions include My Fair Lady, Oklahoma, and Tom Foolery, the last a musical based on the songs of American writer Tom Lehrer. The wheels started turning for Cats shortly after Christmas, and it is due to open on April 29 at the New London Theatre. Its budget is £500,000, which is towards the top end of the West End production scale, but slightly less in real terms than Evita, which cost £470,000 three years ago.

The traditional theatre angels are still hovering, says Mackintosh, but the celestial purse strings are now a little tighter. Backers who might have put £10,000 into Evita are offering perhaps £5,000 for Cats. Response from the City however, has been good, he says. Approaches to merchant banks have been surprisingly fruitful, and around three-quarters of the necessary cash has now been subscribed.

The return to investors is, of course, entirely dependent on the success of the show. There is no safety net in the event of a flop, but the rewards of success are correspondingly high. Investors in Evita, for instance, have seen their money increase threefold or more.

A Tiny sum

"Does that mean I will get my compensation in Zimbabwean dollars?" — the immediate response by House of Fraser chairman Professor Roland Smith to news of Lonrho's bid.

Observer

هكذا من الأصل

Christine Moir reports on how radical changes could come to the London market—and what effects they may have

Stock Exchange: the cracks begin to grow

STOCKBROKERS and jobbers have had a wonderful year, and some of them have not yet finished counting the bonuses and profit shares which have come their way as a result.

But the high volume and profits of last year, when turnover in equities rose by nearly 40 per cent and the Government poured commission from £17bn of gilt sales into their pockets, have simply papered over the cracks. The structure of the Stock Exchange is already subject to such strains that by the end of this decade it may have been fundamentally altered.

Only last week the Stock Exchange Council set its seal on a 232-page document which amounts to a full-scale survey of *the state of the market.* The document is the Stock Exchange's planned defence before the Restrictive Practices Court *which is now considering its* entire rule book.

For it expects to be attacked on what it regards as the twin pillars of the present market structure: minimum fixed commissions, and "single capacity"—the principle whereby members may act either as principals or agents in selling stock, but never as both.

The Court is not the only major strain on the market. The commercial pressures for fundamental change have never been so strong and the Stock Exchange Council cannot afford to let its defence before the Court divert it from dealing *with them as well.*

In essence there are now two basic pressures: the increasing dominance of the market by the institutions, and the international opportunities offered by the abolition of exchange controls and the threat of greater competition.

These pressures are in turn leading to:

- *dwindling numbers of broking firms;*
- covert cutting of commission rates which could flare into an open price war;
- the possibility of unbundling the packages of "free" services now subsidised by commissions;
- competition between brokers and jobbers for lucrative "warehousing" operations;
- fragmentation of the market as dealers move away *from* the central trading floor;
- and new markets open to intense competition from local *and foreign dealing houses.*

The dominance of the institutions has had a second effect on the broking community. *Some 25 firms, according to* Stock Exchange officials, account for 80 per cent of the turnover in equities. In gilts *the number is even smaller*—between seven and 10 firms completely dominate the market.

The *influence the institutions* can bring to bear on these firms is possibly the single greatest factor for change in the market. Quite simply, the senior partners of broking firms—with an eye to the enormous potential profits which can be won from institutional business—want to be free to seize any opportunity which avails.

For their part the institutions are keen to be seen to be striking hard bargains on dealings, and this could have a marked effect on the Restrictive Practices Court hearing when it comes to minimum *commission rates.*

Almost nobody in the market believes the Court will look favourably on fixed commissions laid down by the Stock Exchange Council. There is a *prima facie* restraint on trade here which is hard to support.

So far, however, there has been little open demand from the institutions for significant *reductions in the commission* rates. For the issue is complex.

Under Stock Exchange rules customers pay a fixed commission to a broker when they deal. In order to attract those dealing orders the brokers, over the years, have thrown out a wide variety of lures by way of "free" or "soft dollar" services included in the commission. These range from the traditional research facilities to the newer areas of portfolio valuation and analysis.

Until now the institutional customers have been relatively happy with the system and the brokers too are content so long as dealing volume stays high enough to cover, in commission income, the cost of the "soft services."

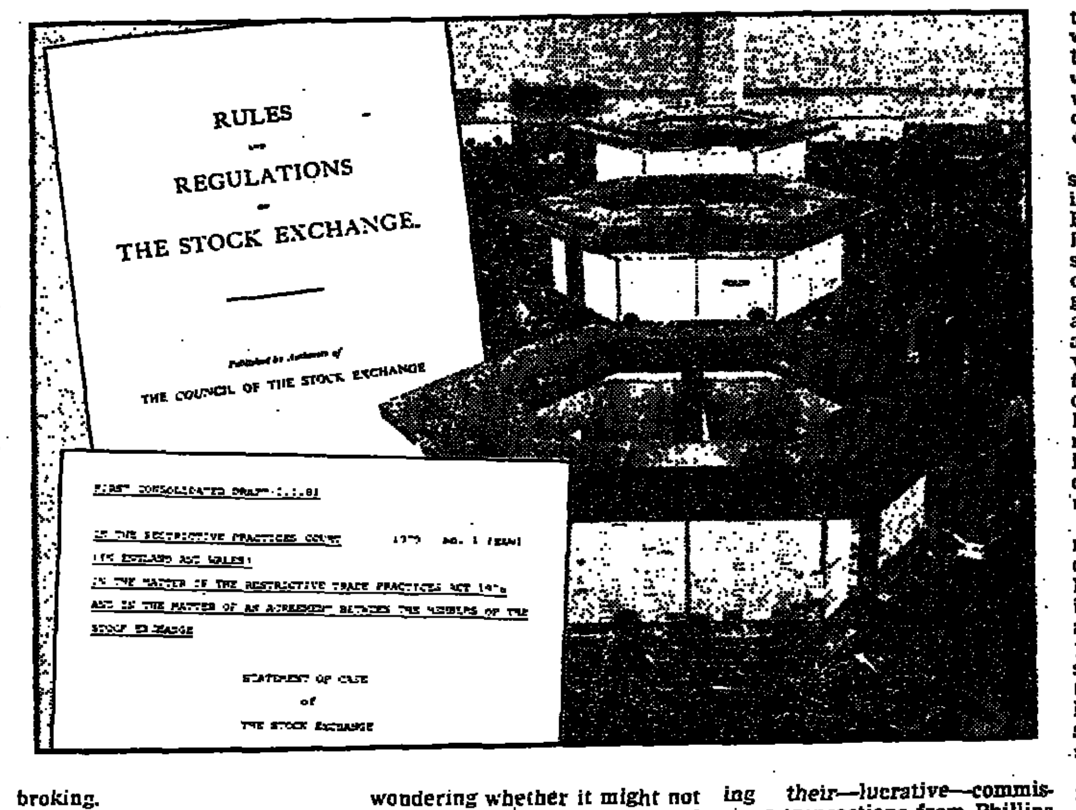
But this balance could easily be *upset—either by the Restric*tive Practices Court or by commercial pressure. The Court could free firms to negotiate *commission rates—thus* starting a price war.

Second, the institutions could become less sure of the value of a total package and want to "unbundle" the different elements, offering to pay "hard" cash for selected services as a *quid pro quo* for lower dealing charges.

Third, the volume of business could drop so that brokers are forced to reassess the cost of the "soft services" they offer.

But there are also a number *of firms which are not partici*pating in the bonanza of institutional commissions. They want either the freedom to cut commission rates (believing they will survive a price war), or the freedom to enter new areas of stock market dealing hitherto denied them by the Stock Exchange rules.

Some of these want to develop specialist services for which the institutions would be willing to pay cash. Under the present membership rules it would be *hard for them to run these* businesses in tandem with broking.



It is this sort of pressure which lies behind the recent *decision by stockbrokers Rowe* Rudd to leave the Stock Exchange altogether in order to specialise in corporate financial advice and *risk analysis* services. Other firms are positioning themselves for the changes that might come. One example is Wood Mackenzie, which has specialised in computerised performance measurement for pension funds.

Other firms, which feature highly on the institutional "preferred lists" may still be look*ing ahead to the threat of a* price war on commissions and wondering whether it might not be better to opt out now and develop other specialities.

But this is not without its own snags. Phillips and Drew, for instance, is a broking firm which has developed an *enormous sideline in managing* the funds of independent pensions schemes. But it faces a head-on struggle with the merchant banks *which offer the* same service to clients. They charge directly for their service, but pension funds can get similar service from Phillips and Drew for "soft dollars." The banks regard this as an *unfair advantage and are said* to have retaliated by withhold*ing their*—*lucrative*—commissions transactions from Phillips and Drew.

Other brokers also have their ace cards to play. "Cazenove, for instance," one envious senior partner said this week, "*could probably survive on its* placing ability"—its expertise in finding speedy takers of large lines of stock. W. Greenwell *could already be developing as* a pure research house—though the experience of houses across the Atlantic which have tried this is not very encouraging.

A number of brokers could specialise in corporate finance, particularly for companies coming to the Unlisted Securities Market. There again they would be in competition with the merchant banks but might win on price. "What the bank would do for £100,000, we could do for £35,000," one leading corporate broker claims.

Not all would opt for specialisation and against broking. It is worth remembering that Hoare Govett discovered, as long ago as 1976, that its highly sophisticated, highly regarded computerised research programme DataStream, was an albatross. It was capital hungry and upset potential customers who were also competitors. The firm sold it off to a consortium of brokers and professes to have been pleased with the result. "The moment we sold DataStream the broking market opened up," Mr. Richard Westmacott, the senior partner says.

If a price war developed over negotiated commissions—either openly if the Restrictive Practices Court insists or the institutions force it, or covertly, as is happening with the proliferation of "soft services" subsidised by commissions—there would be many brokers left who would not be able to seize this specialist route to salvation.

If the U.S. experience is any*thing to go by* (negotiated commissions were introduced there in 1975 and for several years mergers and collapses were near daily occurrences) it will be the medium-to-large broadly based firms which will suffer.

They would probably be the group to pose the greatest threat to the jobbers as they would need to grab as much as possible of any business in the market, even if that meant matching buyers and sellers without putting the deals through a *jobber,* or *bulk trad*ing—the building up of lines of stock on their own books in order to break them up for private clients or to sell as strategic stakes. They might also want to job openly on a selective basis.

This prospect is no fantasy. It forms a central chapter in the Stock Exchange's defence to the Court against negotiated commissions. If the fixed commission structure were outlawed, the document says, the council would find it "neither practicable nor desirable" to *maintain* the separation of capacity between jobbers and brokers.

The jobbers, needless to say, have already seen the threat though some say they find it difficult to think of ways of combating it in advance.

One early route for the jobbers has been through internationalism. They were the *driving force* behind the Stock Exchange's new rules for dealing in international securities. These gave the jobbers direct access *to other possible* clients for the first time instead of having to conduct their business behind the veil of the broker. Wedd Durlacher Mordaunt, Akroyd and Smithers and now Bisgood Bishop have all opened pitches for foreign dealings on the London floor.

Smith Bros., by far the leading jobber in gold shares, has gained so much international business that it says it can no longer cope from a dealing pitch in the market. Instead it has moved its *gold share trading* "upstairs" to its own dealing rooms.

Therein lies another pressure for change. If many other firms follow suit, moving off the central market floor into individual back rooms where business is conducted by telephone, the current regulatory systems used by the Stock Exchange Council's regulations which maintain fair play, monitor insider deals and keep transactions at arm's length, will go by *default.*

Letters to the Editor

The changing Stock Exchange

From the Deputy Chairman, The Stock Exchange

Sir,—Your leading Article (January 28) drew attention to some of the problems The Stock Exchange faces because of the Restrictive Practices Court case, but perhaps I could beg your indulgence to amplify some of *the points which were made.*

Markets are evolving organisms, continually changing in response to the needs of their users and altering world conditions. In the case of The Stock Exchange, it is particularly important that its responses should be fast and flexible, and indeed that it should try to anticipate changing needs rather than waiting until outside pressures force it to make ill-considered and possibly erroneous decisions.

The abolition of Exchange Controls, for example, created the need to provide facilities *for UK investors* to trade in a vast range of overseas securities through their brokers. It also provided the opportunity for The Stock Exchange to become again a truly international market place. Both these factors necessitated some adaptations in traditional practices, but it was essential that these adaptations should not adversely affect the service *provided* to investors and issuers in UK securities.

Of course, it is possible that the present single capacity jobbing system may *disappear. On* the other hand, it may continue to adapt and develop and grow. Intelligent contingency planning must take both these circumstances into account. What is not acceptable is that it should be forced to disappear overnight because of a new international dimension to investment, or that the inter*national option should be* abandoned because it is incompatible with the jobbing system. Compromises must be made, new techniques tried and adapted or developed or abandoned as the market responds to new situations, and the changing requirements of its users.

However, the problems The Stock Exchange faces, difficult enough as they are, are compounded to an unacceptable degree by the requirement that *everything* we do must be tested for its effect on "The Case." Every time we wish to change our rules in order to *adapt to new circumstances, or* take to a new initiative we have to consult our lawyers to see what impression the change will make on the *Office of Fair Trad*ing and the Court.

Neither does it help when experiments or changes are interpreted publicly as a weakening of resolve, or as a demonstration that our present structure is no longer viable. Every time some innovation is tried, the public cry goes up that this is a new breach of our principles, that the jobbing system has been undermined again, the Case is lost, and everyone should be planning for a new dawn. Every time there is a merger, or a firm ceases trading, it is because the system is crumbling.

This is an unacceptable environment for any organisation to operate in, and particularly one on which should fall a major responsibility for financing the regeneration of British industry.

P. G. B. Wills.
The Stock Exchange, EC2.

Export guarantees

From the Head of Information, Export Credits Guarantee Department.

Sir,—While I would not wish to abuse the hospitality of your columns, or the patience of your readers, with a long-winded defence of ECGD I *should be grateful for an oppor*tunity to respond briefly to the two main points made by Mr. Berry (Letters, January 28).

Mr. Berry cites the case where ECGD withdraws cover on a buyer or a country when the exporter is "half-way to shipping an important order." May I point out that, for additional premium, exporters can *protect themselves from loss in* these circumstances by taking out cover for the "pre-shipment" period, that is being insured from date of contract rather than date of shipment. This facility is well-known and widely used: it is for the individual exporter to choose.

Secondly, Mr. Berry chides us for withdrawing post-shipment cover on a particular buyer "at no more than a day or two's notice." But what is the alternative when we receive apparently reliable adverse information on that buyer? Surely, exporters would criti*cise us for not taking prompt* action to protect both their and our interests: and ECGD's losses would mount, with implications for the future level of premium rates. If the exporter is so sure that our information is wrong, he is quite free to continue trading with that buyer at his own risk.

Gerry Moggridge.
PO Box No. 272,
Aldermanbury House,
Aldermanbury, EC2.

Real 'real interest rate'

From Mr. A. G. Stewart

Sir,—While sympathising with the tenor of Anthony Harris's Lombard article (The *real "real interest rate,"* January 20) and holding no brief for bankers, economists or Restoration playwrights, I believe that he omits some interesting elements from the real interest rate equation.

For a company with a potential liability to mainstream Corporation Tax, real interest rates may well be very negative indeed on an after-tax basis. A gross borrowing cost of 16 per cent makes an investment in plant or equipment economic with an anticipated inflation rate as low as 8 per cent for plant eligible for 100 per cent first-year allowance breakeven occurs at an even lower rate of inflation. The prospect of some additional profit accruing from the investment tilts the equation further in the borrower's favour.

The objection that there are *presently very few companies* in the position of paying mainstream Corporation Tax is, to some degree, a result of the situation described above. *For* the well-financed company with sufficient cash-flow to meet high nominal interest rates, Corporation Tax has become a voluntary levy.

None of the foregoing is designed to suggest that nominal interest rates should be even higher than at present, *rather that the unstructured* and chaotic nature of the present system of corporate *taxation in the UK should be* considered as one of the causes of the Authorities' difficulties in *controlling demand for credit.*

It is encouraging to note that the proposed changes in stock appreciation relief incorporate a gearing adjustment and it is to be hoped that further moves towards a more logical and coherent system may soon be forthcoming.

A. G. Stewart.
45 Lomond Street,
Helensburgh, Dunbartonshire.

High risk at BL

From Mr. L. Scruton.

Sir,—There are still an awful number of ifs and buts about the future of British Leyland.

What assurances are there for *the hundreds of companies who* sell to British Leyland in good faith knowing that without Government aid the company is insolvent? The injection of such vast sums of public money into a high-risk company should warrant an unconditional guarantee from the Government that creditors will not be penalised if the Corporate Plan fails.

L. Scruton.
138, Mandeville Road, Hertford.

Red Ensigns in the sunset

From the Managing Director, Ropner Shipping Company

Sir,—May I complement your Shipping Correspondent, Mr. William Hall, on his informed and thoughtful article in your issue of January 17? I would like, however, to take issue *with some of the conclusions* he has reached. For instance: "The symptoms of the decline of the traditional British-owned fleet are easy to spot. Owners who used to employ their own naval architects to design their new class of ships, now buy second-hand vessels." This generalisation is misleading. Relatively few second-hand *vessels are purchased by British* owners for a variety of reasons which it is not within the scope of this letter to explore. Most (not all) British owners buy new buildings of standard shipyard design and add their own modifications. It is almost prohibitively expensive to build a "one off" ship these days.

The next paragraph—and I *am not sure if your Corres*pondent intended it to expose a further symptom of decline—mentions that "In an effort to escape the sharp swings *of the* shipping cycle, several British shipping companies have either diversified, or been taken over by non-shipping concerns. In some cases the tax losses associated with shipping are now far more important than any sense of long-term commitment to the industry." The final observation, if construed as meaning that shipping has become a fringe activity for a significant proportion of British owners does not reflect the true *situation. In the case of my* own company there is certainly no want of long-term commitment to the industry and our *diversification is regarded* as providing increased strength to the shipping interests rather than the reverse. I should add *that this attitude would need* to be changed if a British flag operation was to be made unsupportable (perish the *thought*) by *short-sighted atti*tudes on the part of the NUS or other bodies with the power to exert an adverse influence upon its *viability.*

Mr. Hall laments that British owners lack entrepreneurial flair. I yield priority to no one in the measure of the esteem in which I hold Sir Y. K. Pao, Mr. Frank Chao and the other successful Hong Kong owners. But there have been plenty of embryo Y.Ks and C.Y.s who never made it and disappeared without trace as indeed there have been many established Norwegian owners (for example) who, very sadly, are likewise numbered amongst the lost. Entrepreneurial proclivities are best tempered by appropriate caution. The fluency with which our esteemed Far Eastern competitors have built up fleets surpassing even those assembled by Livanos, Onassis and Niarchos in the immediate *post-war years is not* related to the climate in which they operate. The climate in Hong Kong is good for shipping. That of Western Europe is less favourable and Mr. Hall has identified most of its constituents in his article. They have to do with costlier labour in the West, the fiscal policy of Western Governments and *access (or the reverse)* to appropriate finance.

I concede that there is no immediate prospect of the emergence of a Red Ensign-flying British counterpart of Onassis. The odds against are too great. I will not concede, however, that British owners are totally lacking in flair, enterprise or the willingness to *expose themselves to the sort* of quantifiable risks that they know they can withstand if everything goes wrong. The *taker of heavy risks in the* environment of West European shipping is either an optimist or an idiot.

The majority are responsible people who have endeavoured to establish or maintain them*selves in areas of the market* where they believe they can make a reasonable return upon their investment. Mr. Hall may *categorise this modus operandi* as lacking in flair but I can only reply that whereas Sir Y.K.s success, his armada of ships and his bulging portfolio of new building contracts are most enviable, the plain truth is that there is not enough space for further gargantuan fleets on the surface of the ocean whilst Sir Y.K.s and his colleagues' operational costs are so competitive. Enough trade to justify uninhibited expansion is not available and there are bankers with 1975 vintage scar tissue on the tips of their fingers to add weight to my opinion on this.

In conclusion can I—without sounding too chauvinistic—reassure Mr. Hall that there yet remains a stalwart caucus of *British owners who have proved* themselves not wanting in staying power and resourcefulness and who will continue to do *their best to ensure that sunrise* will greet not only the star and stripes of Liberia but also the Red Ensign?

J. V. Ropner.
PO Box 15,
Darlington,
County Durham.

Today's Events

GENERAL

UK: Lord *Carrington, Foreign* Secretary, and Mr. Gordon Richardson, Governor of the Bank of England, speak at Overseas Bankers Club *dinner,* Guildhall.

London Chamber of Commerce conference on an industrial policy for Europe—speakers include Sir David Nicholson, BTR chairman, Sir James Scott *Hopkins, European Democratic* Group leader, and Mr. C. Parkinson, Trade Minister—69 Cannon Street.

Trades Union Congress Economic Review published.

Newspaper unions senior officials meet to discuss Mr. Rupert Murdoch's disciplinary clause for *Times Newspapers.*

Public hearings begin into applications by British Caledonian and Laker Airways for cheap flights to Australia.

Presentation of the Ross McWhirter Foundation Young Citi*zen of the Year Awards, Mansion* House.

Greater London Council London Transport Committee meets to discuss proposed 25p flat fare for suburban bus services.

British Toy and Hobby Fair, Earls Court (until February 4).

International Spring Fair, NEC, Birmingham (until February 5).

Exhibition of Uganda Missionary stamps opens, Stanley Gibbons, Strand (until February 27).

Overseas: President Chun Doo *Hwan of South Korea meets* President Ronald Reagan, Washington.

Sir Ian Gilmour, Deputy *Foreign Secretary, visits Jordan.*

The world's airlines meet to consider fare rises to cover increased fuel costs, Geneva.

PARLIAMENTARY BUSINESS

House of Commons: Education Bill and Insurance Companies Bill, second readings.

House of Lords: Wildlife and Countryside Bill, committee. Debate on EEC Education Report.

OFFICIAL STATISTICS

Building society house prices and mortgage statistics for the fourth quarter.

COMPANY MEETINGS

See Financial Diary on Page 19.

COMPANY RESULTS

Interim dividends: Hillards. Regional Properties. William Sommerville. Vibroplant Holdings.

Lonrho may call Fraser meeting

Lonrho, the international trading conglomerate which has launched a bid for House of Fraser, the Harrods store group, is considering calling a meeting of the Fraser directors this week.

The meeting may be called after Lonrho has studied the minutes of last week's Board meetings on Wednesday and Thursday. At the Wednesday meeting at Fraser group's Barkers of Kensington store, Sir Hugh Fraser, group chairman, was voted out of office by his directors and replaced by Professor Roland Smith.

"Events were moving at such a speed last week during the meetings, with resolutions, amended resolutions and counter resolutions moved that it is only to be expected that we are reserving our right to call a meeting if the minutes suggest that one is necessary," said Mr. Paul Spicer, a Lonrho director yesterday.

Lonrho is expected to receive copies of the minutes today.

Improvement to £1.53m from Everards Brewery

INCLUDING A profit on property disposals of £141,000 against £111,000, pre-tax profits of Everards Brewery finished the September 27, 1980, year ahead from £1.37m to £1.53m, from turnover of £13.28m compared with £11.96m.

Last June, in their first-ever interim statement the directors were confident that costs on current trading could be controlled to maintain a comparable full-year results—profits and turnover were £629,300 and £5.93m respectively.

Yearly earnings per £1 share are given as 38.33p (34.75p) and the dividend is stepped up to 5.4p (5.7p) net with a final of 4.1p.

Mr. R. O. Steel, chairman, says the steps the group is taking to develop modern warehouse and distribution systems together with considerable investment being undertaken in the brewery, "will ensure that this company is well placed to increase its market share and profitability."

Beer trade improved overall in a falling market, largely in the take home and free trade, and despite increasing pressure on tied trade to maintain sales, Mr. Steel says it is of significance that good retailers were able to maintain and improve their profits.

All subsidiaries maintained steady growth, he adds.

After corporation tax of £749,000 (£655,000), and dividends costing £145,000 against £131,000, the balance retained came through at £639,000 (£581,000).

ASSOCIATE DEAL

Grenfell and Colegrave have bought on behalf of the Avana Group, ordinary shares in Robertson Foods as follows: 55,000 at 142p, 75,000 at 140p and 225,000 at 138p. They are advised that following the above transactions the Avana Group held 705,000 ordinary shares in Robertson.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Hillards, Regional Properties, William Sommerville, Vibroplant.

FUTURE DATES

Interim—

Douglas (Robert M.) .... Feb. 12

Finals—

British American and Gen. Tst. Feb. 6
English and New York Tst. ... Feb. 3
Kleinwort Benson Lonsdale ... Mar. 26
Merchants Tst. ... ... Mar. 9

Oil & Gas Production London quote

A FULL quote on the London Stock Exchange is being sought by Oil and Gas Production, a Guernsey-incorporated company which is offering for sale $21m (£8.7m) of ordinary shares (90 per cent of issued capital). The company, backed by merchant banker Guinness Mahon and stockbrokers James Capel, is to concentrate on acquiring oil and gas production properties in the U.S.

Today's offer is for 18.9m fully paid ordinary shares of two cents each, priced at $1 per share (42p). The offer is also for a further 18.9m partly paid ordinary shares of two cents each at 10 cents per share (4.2p)—leaving 90 cents subject to call in the future.

Mr. Jerry Leonard, former treasurer of Shell, is to serve as chairman of the company, the product of collaboration between Capel and Guinness over the past nine months.

Mr. Peter Goldie, a director of Guinness and of the new company, said on Friday that he perceived a need in the London market for an investment vehicle concentrating exclusively in production rather than exploration. "We wanted a company that would retain its asset base and pay dividends," he said.

Mr. Goldie added that a full listing in London would be very important to British investors. He noted that it was "an unusual company, perhaps, to have a full listing."

Under the terms of the offer, around $11.2m will go immediately to pay for a gas producing property called Northeast Blanco, located in New Mexico. This was acquired last Wednesday and will be O and G's first source of cash flow. O and G's working interest in Northeast Blanco will be 18.25 per cent.

At the offer price O & G is capitalised at $23.1m (£9.7m). The uncalled liability on the partly paid shares comes to $18.9m (£8m). Failure to meet a call by the company will render the shares liable to forfeiture.

Guinness Mahon says in the prospectus that firm applications will be received for 13.65m shares in each category. A balance of 5.25m shares (fully and partly paid) will then be available from February 5.

The company has entered into an "advisory agreement" with Devon Corporation, an Oklahoma-based oil and gas company which is to help O & G find acquisitions in production acreage and manage them. O & G will be under no obligation to accept Devon's recommendations.

Mr. Goldie described the new company as "ideal for institutions" because it would provide a long-term source of income.

Output from the Northeast Blanco property is regulated—current gas prices stand at around $2 per thousand cubic feet. But the directors are hopeful that prices will become deregulated in the future. The free market level is around $6.

O & G says that by the nature of its business, there will be a continuing need for finance. It plans to vary the method of funding, using bank borrowings, equity issues and the call-up facility on partly paid shares.

Immediately following the offer Guinness will hold 2.1m fully paid and 2.1m partly paid shares, representing 10 per cent of the capital. The Merchant Navy Officers Pension Fund Trustees will hold an identical amount and TR Energy (Investments) will hold 5 per cent of each type of share.

Expenses for the offer are just under $1.8m. This includes $462,000 each for Guinness and Capel, $196,000 of legal fees, $10,000 for accountancy fees, $315,000 for printing and advertising, and $96,000 in miscellaneous expenses. Also included are an additional $125,000 each for Guinness and Capel for corporate finance of the Northeast Blanco property.

Mr. Ashley Down, a partner at Capel and a director of O & G, said on Friday he expected trading on the London market to

● comment

Although the flood of fast-talking, Vancouver-listed oil exploration companies is slowing down the institutions are still interested in lower risk energy activities. Oil and Gas Production is conservatively structured and says it will devote its investments to production rather than exploration ventures. But there is nothing very spectacular about the company short of its apparent ability to get a full London listing. Its acreage in New Mexico may be reasonable enough, but the indicated rate of return on an unescalated basis is 6.7 per cent. True, investing in oil is a useful hedge against inflation, but straightforward gilts will now pay double the money. In its scrupulous attempt to avoid being seen as risky, O & G seems to have travelled in the other direction and packaged a low-yield, steady income deal. There is no doubt that this has its appeals to certain investors, but it is not all that exciting.

African Lakes down £0.54m for year

DESPITE a substantial second-half recovery, pre-tax profits of African Lakes Corporation finished the year to July 31, 1980 well down at £772,943 compared with £1.31m.

At midway, the directors warned that because of disappointing commodity prices, profits for the second part of the year were unlikely to exceed those of the first six months, which had fallen from £567,290 to £191,800.

As forecast, they are paying a net dividend of 1.1p, effectively increased from 0.9p, and a one-for-ten scrip issue is also proposed.

Turnover of the group, a trader and planter of tea, rubber and other crops which is also engaged in general trading, motors and advertising, went from £9.86m to £10.01m.

The surplus included associate's profit of £81,411 (£1,403 loss) and was subject to tax of £234,320 (£587,592).

After minorities of £206,931 (£241,406) there was an attributable surplus of £331,692 (£485,448), of which the dividend absorbed £41,913 (£34,927).

Stated earnings per 25 share are 8.71p against 12.74p adjusted.

Trust Securities well ahead of its forecast

TAXABLE profits of Trust Securities Holdings rose from £413,000 to £677,000 for the year to November 30, 1980. Turnover also increased from £4.59m to £5.24m.

The directors of the property development company, which is in the USM, say it comfortably exceeded the profit forecast made last October when its shares were placed.

Since then, they say, it has made considerable progress with schemes in hand. Acquisitions are expected which should contribute substantially to its asset base.

The year's profits were struck after deducting pre-acquisition profits of £163,000 (nil). As with the previous year, the company paid no tax. Its stated earnings per 40p share were 40.7p (24.8p).

CIC Investment in loss

A LOSS of £19,000 for the year to June 30, 1980, is reported by CIC Investment Holdings. No ordinary or preference dividends will be paid.

The result represents expenses incurred after the sale of all the company's subsidiaries in October 1979 to Gladecrown, now the Cambridge Instrument Company.

The chairman says that until Cambridge Instrument—the company's sole asset—starts to pay dividends, CIC can expect no income, although it inevitably incurs expenses.

In spite of difficult trading conditions, the directors of Cambridge Instrument have informed CIC Investment that they expect the accounts to March 31, 1981, to show substantial progress towards profitability.

The reported net loss is after directors' emoluments, including compensation payments, of £180,132.

The chairman says that talks on a likely offer for the company are proving to be more protracted than expected. It may be several weeks before it is known whether an acceptable offer will be made.

Kennedy Brookes expansion

TURNOVER OF Kennedy Brookes, restaurant chain, rose from £741,733 to £1,280,561 in the year to October 31, 1980 and pre-tax profits almost doubled from £68,792 to £128,795.

In addition, a dividend of 0.7p (nil) is declared, the current year sales forecast has been increased and the directors say they intend to apply to have the company's shares listed on the USM at the end of February.

Last November the chairman said sales this year were running at an annual rate of £2.7m. The directors now say that this figure will be exceeded and due to the developing market for group shares, the USM quote will be sought.

Profit for the 12 months was struck after interest of £66,054 (£4,630). In view of the company's continuing expansion programme, the tax charge is expected to remain negligible. Yearly earnings are stated at 14.52p (10.58p) per share.

FT Share Information

The following securities have been added to the Share Information Service:

Consolidated Gold Mining Areas (Mines—Australia).
Investment Company (Trusts, Finance, Land).
Paterson (R.) (Foods).
S. & K. Petroleum (Oil & Gas).

SPAIN

1980 High	1980 Low		Jan. 30 Price %
274	203	Banco Bilbao	274
316	217	Banco Central ...	316
250	206	Banco Exterior ...	250
262	209	Banco Hispano ...	262
137	120	Banco Ind. Cat. ...	122
175	141	Banco Madrid	141
322	237	Banco Santander...	322
190	140	Banco Urquijo ...	160
291	208	Banco Vizcaya ...	291
220	200	Banco Zaragoza ...	218
109	75	Dragados	109
62	45	Espanola Zinc	47
59.7	53.2	Fecsa	57.7
40	22	Gal. Preciados ...	29
71.7	58.7	Hidrola	65
63	56	Iberduero	56
120	77	Petroleos	93
80	59	Petroliber	75
115	63	Sogefisa	102
63.5	51.5	Telefonica	61
67	58.2	Union Elect.	63.2

BIDS AND DEALS

McNaughton purchase

The James McNaughton Paper Group has purchased outright specialist paper merchant Book Papers, based in London, for a cash sum "substantially in excess of £500,000."

Book Papers specialises in the supply of text papers, cover papers and boards, book binding materials and other products to book and magazine publishers, both in the UK and abroad. Last year the company had a turnover of £3.3m. Book Papers was originally a subsidiary of Reed and Smith (Holdings) but was acquired by the St. Regis Paper Group in 1978.

McNaughton Group turnover in 1979-80 was £17m and sales so far this year are running at a level equivalent to £20m a year. All of its shares are held by employees.

COLLINS DEAL FALLS THROUGH

William Collins and Sons (Holdings), the Glasgow publishing house, said yesterday that the proposed sale to Strathkelvin District Council of part of its office building at Westerhill, Bishopbriggs, would not now take place.

The intended sale was first announced last November, though Collins gave no indication of the likely price. It said the building had been built for the company's expansion, but it now needed less office space after having to trim back.

In 1979, Collins lost £255,000, but the first half of 1980 saw a turnround from a loss of £828,000 to a pre-tax profit of £175,000.

HAWLEY LEISURE PURCHASE

Hawley Leisure has acquired the privately owned Selsport, wholesaler of sports equipment and leisurewear, for £240,000 cash.

Net assets of the Kidderminster based Selsport at March 31, 1980, amounted to £160,283. Trading profits before tax but after interest for the year ended on that date were £82,850 on sales of £426,934 (£376,160).

Since the company's formation in October 1975, profitability and sales have steadily improved.

FURNESS WITHY

The offer made on January 9 by Rea Brothers on behalf of Furness Withy (Shipping) for Stevinson Hardy (Tankers) has been accepted by all shareholders, and has therefore become unconditional in all respects.

Stevinson owns a 52,555-tonne tanker, the Edward Stevinson, which is already managed by Furness.

هكذا من الاصل

INTERNATIONAL BONDS

BY FRANCIS GHILES

Ford pays record 16% coupon

THE $100m Eurobond launched for Ford Credit Overseas Finance by Goldman Sachs last Thursday night boasts the highest coupon offered on a fixed income issue—16 per cent. It suggests to some bankers that borrowers may be getting reconciled to the fact that U.S. interest rates will remain high for some time.

But the issue for Ford Credit has not awakened expectations of a large spate of new fixed interest dollar Eurobonds. Indeed, there was no rush last week to buy such paper despite the rise of the dollar to a five-year high against the D-Mark and an easing of U.S. interest rates.

The prime rate was cut by ½ per cent to 19½ per cent while the six-month Eurodollar rate slipped ⅞ per cent to 16⅞ per cent.

A number of investors have however been nibbling at fixed rate dollar paper. Issues launched early in January which met with a cold reception have been gaining ground—the 12¾ per cent bond of 1988 for the Republic of Ireland advanced by 1¼ points to 95½-6, far in excess of average price rises in this sector. Dealers were agreed last Friday that trading was more active last week than in the two previous weeks.

Buying interest is coming in particular from those who are selling D-Mark foreign bonds. The weakness of the German currency last week prompted heavy selling of such paper, especially from Switzerland and the UK and prices lost 1¼ points.

Dealers said they were finding it hard to re-place such paper in the market as some foreign investors are seeking to clear their portfolios of D-Mark paper altogether.

Most German bankers believe that the new issue moratorium will be extended when the Capital Markets Sub-Committee meets tomorrow. The last foreign D-Mark bond was launched nearly two months ago.

Foreigners were forced off the rails in Switzerland last week as Swiss franc bonds slipped by 1¼ points. Four new issues launched since the beginning of the year have been undersubscribed.

High dollar interest rates have combined with a high level of new issuing activity—partly prompted by the closure of the D-Mark market—and rising short-term Swiss franc rates to turn investors away.

Early in the week one outstanding dollar Eurobond issue for Ford declined sharply: the 14⅞ per cent Ford Credit bond to 1983 shed 2 points between Monday and Thursday to 96⅜ bid.

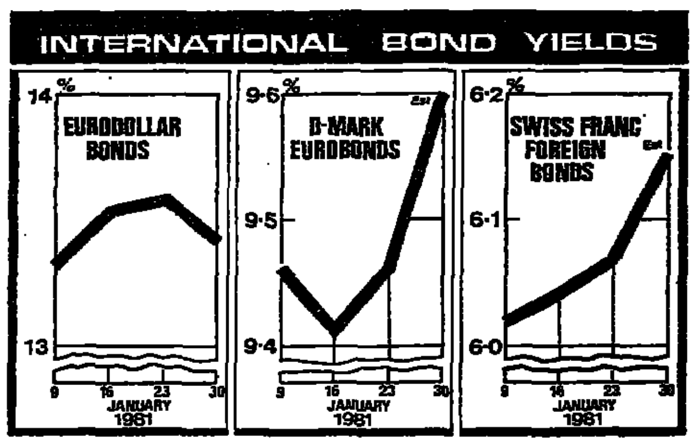
There were allegations in the market that some houses had been selling these issues on the assumption that a new, higher yielding issue, for the same borrower was imminent.

This pressure appears to have derived in part from investors swapping out of that issue into higher yielding U.S. domestic bonds for the same borrower rather than any "clearing of the decks" by managers of former Ford issues ahead of a new bond. At the same time, it was widely expected that the new issue would be as high as $200m, twice the size it eventually turned out to be.

The first issue of gold indexed bonds, for Refinemet International, appears to have had a good reception. The coupon is expected to be in the 3-4 per cent range and interest will be paid in U.S. dollars at the prevailing market price of gold unless the payment due is 100 ozs of gold or more, in which case the investor might request that he be paid in gold.

This issue however does not herald any great new era of gold linked bonds, according to most market observers.

In the French franc sector the size of the Fr 225m convertible for Lafarge Coppé is expected to be cut because of a lukewarm market reception.



CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
††Kingdom of Denmark	100	1988	7	*	*	Lehman Bros. Kuhn Loeb	*
‡§Nippon Yusen	50	1996	15	7¾	100	Yamaichi Secs., Kleinwort Benson	7.375
‖§Crystaloil Intl. Fin. NV	35	1996	15	8½	100	Smith Barney Harris Upham	8.500
‡§Anacomp	12.5	1996	15	9	100	Morgan Grenfell	9.000
‡Ford Credit O'seas Fin.	100	1984	3	16	100	Goldman Sachs	16.000
FRENCH FRANCS							
§Lafarge-Coppé	225	1991	10	11	100	CCF	11.000
‡Gaz de France	600	1986	5	13⅞	100	Indo-Suez, BNP, Caisse des Depots	13.875
SWISS FRANCS							
‡Council of Europe	100	1991	—	6¼	100½	Banca del Gottardo	6.187
‡**Paribas (Luxem.)	70	1986	—	6¼	100	Paribas (Suisse)	6.250
‡**Transcanada Pipeline	50	1987	—	6	100	UBS	6.000
‡**Escom	100	1985	—	6¾	99½	SBC	6.897
‡**§Tokyo Dept. Stores	50	1986	—	4½	100	UBS	4.551
‡**Republic of Austria	100	1987	—	6	100	UBS	6.000
‡World Bank	100	1991	—	6	99½	UBS	6.068
‡**§Y.S. Lines	40	1986	—	4½	100	UBS	4.551
STERLING							
‡Royaltrustco	12	1985	4	14	99½	S. G. Warburg	14.146
GUILDERS							
‡**Alge. Bank Nederland	100	1986	5	10¼	99½	ABN	10.383
YEN							
‡New Zealand	20bn	1993	10.3	8½	99½	Yamaichi Secs.	8.786
GOLD							
Refine. Intl. NV	100,000oz	1996	13½	4-5	100	Drexel Burnham Lambert	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⊕ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. ‖ Postponed. Note: Yields are calculated on AIBD basis.

CREDITS

BY PETER MONTAGNON

A $300m ticket for SNCF

FRENCH state railways, SNCF, has raised a $300m standby credit through Credit Lyonnais to back up the issue of commercial paper in the U.S.

The 10-year facility was put together with considerable discretion over the past few weeks and involves nine banks altogether which have once more demonstrated a willingness to lend to France on very fine terms.

For the first two years the credit is priced at a ¼ per cent margin over Libor, although a margin of ⅜ per cent will be charged on any drawings exceeding $150m. For the following two years the margins range from ¼ to ½ per cent depending on the amount drawn, while in years five and six the range narrows to ⅜-½. Thereafter the margin is set at ½ per cent.

With this credit France is again avoiding recourse to a traditional jumbo Eurocredit syndication. Many bankers now say that the current level of margins for France would preclude much participation in such a credit by smaller banks at the retail level.

Elsewhere, however, the market is heavily dominated by large fine-margin credit at the moment amid growing concern on the part of banks about the profitability of such transactions.

These credits include the $2bn earthquake reconstruction loan for Italy's Cassa per il Mezzogiorno being arranged by Bankers Trust, $1bn for the Kingdom of Sweden through Morgan Guaranty and $500m for the Kingdom of Spain through Bank of America and Manufacturers Hanover.

Bankers point out that in all three cases they face some particular incentive to participate without which the deals might be rejected on yield considerations.

The very purpose of Italy's borrowing is likely to mean that a number of banks will feel they cannot afford not to subscribe. Sweden is offering the banks a chance to lend in SDRs, which attracts those who have been accumulating deposits denominated in the IMF currency unit. But banks which subscribe to this tranche will also have to lend three times the amount in U.S. currency.

In the case of Spain, banks are coming under some pressure to participate from the Finance Ministry, which is taking a leading role in arranging the credit. A further incentive for lending to Spain is the need for banks with offices there to book non-peseta assets in the country. Only by doing so can they increase their business in local currency as peseta assets may not exceed 40 per cent of their total lending in Spain.

The growing need for such additional incentives to participate in this type of loan underlines the fact that, despite the high liquidity in the market, borrowers are no longer in such a strong position as they were this time last year.

While no bankers are currently expecting spreads to rise in the short term, some are beginning to wonder how much longer the extra incentive attached to loans such as those being raised by Italy, Sweden and Spain will continue to carry weight with leading institutions.

Elsewhere, Czechoslovakia's Foreign Trade Bank is floating a $30m floating rate CD issue through First Chicago. The three-year issue, with a margin of ½ per cent over Libor, is its first such operation and has been warmly received, partly because its short maturity is attractive to banks which are otherwise still cool to Eastern Europe for political reasons.

The Kingdom of Denmark's $200m credit being arranged through Gulf International, Midland and Mitsubishi Bank has been increased to $250m.

Angola's central bank is raising $25m through Credit Agricole, Paribas, Credit Lyonnais and LBI. The six-year credit bears a margin of 1⅝ per cent for the first two years, rising to 1¾ per cent thereafter.

Woodside Petroleum's $1.4bn credit was signed in London last week after 62 banks altogether agreed to participate. The borrower is expected to seek further financing this year, probably of around $3bn to $3.5bn, although the precise structure and amount of the operation remains to be settled.

U.S. BONDS

BY IAN HARGREAVES

Markets show confidence in Reagan

IN SOME WAYS the parallels between February 1981 and February 1980 are very close. As on the previous occasion, this month, the financial markets find themselves waiting for a major presidential statement on economic policy at a time when inflation is in double digits and certain to go higher and when, albeit for different reasons, the President is wrestling with arguably mutually exclusive objectives: to slow down inflation but stimulate the economy in order to avoid recession.

The pressure on Mr. Carter a year ago to try to resolve both problems was that he felt winning the election depended upon making progress against inflation, while obviously a big increase in unemployment would have hurt his popularity.

Mr. Reagan has to do a similar juggling act the key to which is cutting Federal spending, because he has declared his irrevocable intention to do so. He repeated those intentions last Friday in a short announcement commenting on the drop in the leading economic indicators for December — possibly a harbinger of recession later this year.

The difference this time around, however, is that the markets, at this stage at least, have confidence in Mr. Reagan. The run-up to Mr. Carter's announcement was frenzied and frequent delays added to the sense of panic. This time interest rates are already very high, but at least there is a sense of calm.

Thus it was in the bond market last week, when in spite of much intense discussion about uncertainties of the Fed's credit policy and the economic outlook, several corporate issues were launched amid virtually no net change in the price-yield structure of the market over the week. Actually, bonds ended the week about a point higher, but that was a final hour development on Friday, when dealers marked prices higher in response to helpful money supply figures (M1-A down by $3.2bn, M1-B by $500m). It remains to be seen whether those prices will hold this morning.

Honeywell, with $150m of 30-year debentures, and Pennzoil, with $200m of 10-year notes, were among the borrowers and both issues sold quite well. The Honeywells were priced to yield 14.25 per cent, with an AA-plus rating.

There is still plenty of demand in the pipeline for possible emergence this week, too, although one of the slated issues, $400m of government guaranteed Chrysler 10-year notes, will be delayed.

The other problem for issuers this week is the Treasury refunding, details of which were announced last week: $3.6bn in new cash will be raised and the market is particularly concerned about the record $2.25bn of long bonds proposed. This could make the long corporate sector quite sticky.

However, the general tone of the market remains quite promising. Short interest rates fell back sharply last week, with three months Certificates of Deposit closing at 16.70 per cent, down from 18 per cent the week before.

The reason was an easing of the Fed funds rate, achieved in spite of Fed draining actions on several days to hold the rate up. Bank loan demand has also been softening, largely for seasonal reasons, and the money supply has behaved itself in January.

Few analysts are really confident, however, that lower short rates are here to stay, although current rates in the money markets do argue strongly for some further cuts in the banks' prime rates this week.

This week, Mr. Reagan will attempt to maintain a calm atmosphere by talking in probably vague terms in an address to the nation on Thursday about the scale of the economic problem, saving his solutions for the State of the Union address on February 17.

U.S. INTEREST RATES (%)

	Week to Jan. 30	Week to Jan. 23
1-month Treas. bill	13.80	15.10
3-month CD	16.82	18.00
Fed. funds wkly avge	17.19	18.84
Treas. 30-year bond	12.35	12.37
30-year AAA utility	14.38	14.38
30-year AA industrial	13.63	13.63

Source: Salomon Bros., estimates.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,103.8	3,513.0
Previous week	1,560.9	3,808.9
Other bonds		
Last week	306.7	422.0
Previous week	402.3	415.3

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January 30

Two copies of this Offer for Sale, having attached thereto the documents referred to in paragraph 8 (xiv) of Appendix VI, have been delivered to the Registrar of Companies in London for registration. Application has been made to the Council of The Stock Exchange for the whole of the Ordinary share capital of Oil and Gas Production Limited ("the Company") issued and now being issued to be admitted to the Official List.

This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

The Application Lists for the Ordinary shares now offered for sale will open at 10 a.m. on Thursday, 5th February, 1981 and may be closed at any time thereafter.
The procedure for application and Application Forms are set out at the end of this Offer for Sale.

OIL AND GAS PRODUCTION LIMITED

(Incorporated with limited liability in Guernsey, Channel Islands)

Offer for Sale
by Guinness Mahon & Co. Limited of

18,900,000 fully paid Ordinary shares of 2 cents each at $1 per share or at 42p per share

payable in full on application (to satisfy in full an issue price of $1 per share)

and of

18,900,000 partly paid Ordinary shares of 2 cents each at 10 cents per share or at 4.2p per share

payable in full on application (to satisfy **in part** an issue price of $1 per share **leaving 90 cents,** being the balance of the issue price, **subject to call)**

Guinness Mahon & Co. Limited has been informed that firm applications will be received in respect of a total of 13,650,000 fully paid Ordinary shares and 13,650,000 partly paid Ordinary shares and these applications will be accepted in full. The balance of the Ordinary shares now offered for sale, namely 5,250,000 fully paid shares and 5,250,000 partly paid shares, has been underwritten.

The Ordinary shares now offered for sale will rank for all dividends declared or paid on the Ordinary share capital of the Company as described in paragraph 4 (ii) of Appendix VI.

In connection with the issue and sale of the Ordinary shares no person has been authorised to give any information or make any representation, other than as is made in this Offer for Sale: if given or made, such information or representation must not be relied on as having been authorised *by the Company which consequently accepts no responsibility for any such information or* representation. Neither the delivery of this Offer for Sale nor any issue or sale made hereunder shall in any circumstances constitute a representation that there has been no change in the state of affairs of the Company since the date hereof.

This Offer for Sale does not constitute an offer, and it may not be used for the purpose of or in connection with any offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. *No person may treat this Offer for Sale and/or any Application Form as constituting* an invitation to him or use any Application Form unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom and Guernsey wishing to make *an application hereunder to satisfy himself as to full observance of the laws of the relevant territory* in connection therewith, including the obtaining of any government or other consents which may be required or other formalities needing to be observed or transfer or other taxes requiring to be paid in such territory.

The Ordinary shares have not been and will not be registered under the United States Securities Act of 1933. Accordingly the Ordinary shares are not being and may not be offered or sold directly or indirectly in the United States of America, its territories or possessions, or to nationals or residents of the United States of America. See "Procedure for Application" for further information.

The consent of the Advisory and Finance Committee of the States of Guernsey has been *obtained for this Offer for Sale of Ordinary shares of 2 cents each in the Company.* It must, however, be distinctly understood that in giving such consent the Committee does not take responsibility for the financial soundness of the Company or for the correctness of any of the statements made herein or opinions expressed with regard thereto.

Intending subscribers should inform themselves as to any taxation or exchange control legislation affecting them personally.

The expression "dollars" and the symbol "$" refer to U.S. dollars and the expression "cents" to U.S. cents.

The partly paid shares

21,000,000 Ordinary shares of 2 cents each are being issued at a price of $1 per share, 10 cents paid. These 10 cents represent 1 cent in part payment of the nominal amount and 9 cents in part payment of the issue premium. The partly paid shares carry a liability of 90 cents per share (being the balance of the issue price) which the Company may call up at any time or times. This position may be expressed in tabular form as follows:—

	Nominal cents	Premium cents	Total cents
Issue price	2	98	100
Now payable	1	9	10
Payable on call	1	89	90

A call once made represents a debt due to the Company. Shareholders will be given not less than 28 days' written notice of any call. Failure to pay a call renders the share liable to forfeiture and a person whose shares have been forfeited remains liable for all moneys payable in respect thereof at the date of forfeiture.

In order that a prospective buyer is made aware of his obligation to meet a call as and when it is made the transfer forms of the partly paid shares must be executed by both buyer and seller and *must contain an undertaking by the buyer in favour of the Company to pay any call or calls made* on shares comprised in the transfer form. The Directors of the Company have approved a form of transfer for this purpose which may be obtained from the office of the Secretary specified in this document or from James Capel & Co., Winchester House, 100 Old Broad Street, London EC2N 1BQ. This approved form of transfer must be used for any transfer of partly paid shares. These *requirements will continue until the issue price of the partly paid shares has been paid in full.*

Share capital

Authorised				*Nominal*
55,000,000 Ordinary shares of 2 cents each				$1,100,000

Issued and now being issued		*Nominal $*	*Premium $*	*Total $*
21,000,000	fully paid Ordinary shares of 2 cents each	420,000	20,580,000	21,000,000
21,000,000	partly paid Ordinary shares of 2 cents each	210,000	1,890,000	2,100,000
42,000,000		$630,000	$22,470,000	$23,100,000

The lodging for registration of any renounceable letter of acceptance in respect of partly paid shares will constitute an undertaking in favour of the Company by the person requesting registra*tion that such person will pay any or all calls made on such partly paid shares in accordance with* the terms of the Memorandum and Articles of Association of the Company.

Further information regarding calls on shares, forfeiture and other matters (including the right to dividends, the right to vote, rights in a winding up and transfers of partly paid shares) is set out in paragraph 4 of Appendix VI. In particular it should be noted that until the issue price of the partly paid shares has been paid in full, certain of the rights attributable to the partly paid shares will be established according to the amount of the issue price which has been paid up and not *by reference to the nominal amount which has been paid up.* However each Ordinary share, whether a fully paid share or a partly paid share, carries the right to one vote on a poll.

Indebtedness

Save for intra-group transactions neither the Company nor any of its subsidiaries has any loan capital (including term loans) outstanding or created but unissued, or has outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase *commitments or guarantees or other material contingent liabilities.*

Directors

Antony James William Simpson Leonard, C.B.E., M.C., *Chairman*
Pine House, Pine Road, Hook Heath, Woking, Surrey

Roger William Brittain,
90 Broxash Road, London S.W.11

Jean Paul Alphonse Chenevier *(French),*
13 Passage du Marquis de la Londe, 8 Avenue de Sceaux, 78000 Versailles, France

Ashley Gordon Down *(Australian),*
2 Brunswick Gardens, London W.8

Rupert Arthur Rees Evans,
"St. Jacques", St. Jacques, St. Peter Port, Guernsey, Channel Islands

Frederik Cornelis Fleischer *(Dutch),*
Sportlaan 22, Limmen, Holland

Peter Lawrence Goldie, F.C.A.,
3 Queensberry Place, Friars Lane, Richmond, Surrey

Baron Manfred von Schröder *(German),*
Adolphstrasse 33, 2000 Hamburg 76,
Federal Republic of Germany

Sven Viig *(Norwegian),*
Dalsnaret 6, Oslo, Norway

Issuing House
Guinness Mahon & Co. Limited,
32 St. Mary at Hill, London EC3P 3AJ

Legal Advisers to the Company in England
Freshfields,
Grindall House, 25 Newgate Street, London EC1A 7LH

Legal Advisers to the Company in the United States
Curtis, Mallet-Prevost, Colt & Mosle,
100 Wall Street, New York, N.Y. 10005

Reporting Technical Advisers on Northeast Blanco
Keplinger and Associates, Inc.,
320 South Boston Building, Suite 320, Tulsa, Oklahoma 74103

Auditors
Peat, Marwick, Mitchell & Co.,
Chartered Accountants, 10 Lefebvre Street, St. Peter Port, Guernsey, Channel Islands

Receiving Bankers
Lloyds Bank Limited,
Registrar's Department (Issue Section), 111 Old Broad Street, London EC2N 1AU

Secretary and Registered Office
Bayeux Trustees Limited,
P.O. Box 188, St. Julian's Court, St. Peter Port, Guernsey, Channel Islands

Stockbrokers to the Company
James Capel & Co.,
Winchester House, 100 Old Broad Street, London EC2N 1BQ

Legal Advisers to the Company in Guernsey
Carey, Langlois & Co.,
P.O. Box 98, 7 New Street, St. Peter Port, Guernsey, Channel Islands

Legal Advisers to Guinness Mahon & Co. Limited
Herbert Smith & Co.,
Watling House, 35–37 Cannon Street, London EC4M 5SD

Oil and Gas Engineers to the Company
DeGolyer and MacNaughton,
One Energy Square, Dallas, Texas 75206

Reporting Accountants
Peat, Marwick, Mitchell & Co.,
Chartered Accountants, 1 Puddle Dock, Blackfriars, London EC4V 3PD

Registrars and Transfer Office
Bayeux Trustees Limited,
P.O. Box 188, St. Julian's Court, St. Peter Port, Guernsey, Channel Islands

Principal Bankers to the Company
Republic National Bank of Dallas,
P.O. Box 225961, Dallas, Texas 75265

The Company

Oil and Gas Production Limited ("the Company") was registered with limited liability in Guernsey on 8th January, 1981 under the provisions of the Companies (Guernsey) Laws 1908 to 1973. This Offer for Sale is being made in connection with an application to the Council of *The Stock Exchange for a listing of the fully paid shares and the partly paid shares in the Company.*

Objectives

The Company has been formed to acquire interests in producing oil and gas properties. The Directors' objective is to accumulate a balanced portfolio of interests, concentrating on onshore fields with established production records. Such properties should have no material exploration content but may have potential for development. In their choice of properties the Directors will aim to achieve a rate of return which gives shareholders a degree of protection against the *decreasing value of money. The Company does not intend to act as operator in any field.*

There is considerable competition for the acquisition of interests in oil and gas properties. It may therefore take some time before the Company can achieve the balance of investments that it is seeking.

It is the Directors' policy to distribute by way of dividend as large a part of the Company's *earnings as they consider prudent. The Directors intend to pay dividends half yearly, the first in* respect of the period ending 30th June, 1981.

Acquisition Policy

At the present time it is envisaged that investments will be made in the United States through working interests. An interest in a producing natural gas property, in the Northeast Blanco Unit area in San Juan and Rio Arriba Counties, New Mexico, United States ("Northeast Blanco"), has already been acquired and is described below.

In selecting the United States as the area for the Company's initial investments the Directors have been influenced by a number of factors. The Directors believe that the United States, which depends on imports for the supply of a substantial part of its energy needs, is likely to continue to encourage the exploitation of its own resources. Additionally the United States enjoys a stable political and economic system and has a well developed infrastructure capable of dealing *efficiently with the particular requirements of the oil and gas industry. An active market exists in* producing properties in the United States.

The strict controls on the price of oil and natural gas which existed for many years in the United States have now been extensively relaxed. Natural gas prices are allowed to increase in line with, and in some cases in excess of, the rate of inflation in the United States, with certain *categories of gas being allowed to reach full market levels in 1985 and thereafter. More recently* the price of domestically produced crude oil has been materially decontrolled, although it is now subject to a windfall profit tax.

Oil and gas properties will be purchased only after rigorous examination and accordingly all acquisition proposals will be supported by an engineering evaluation which will be subjected *to examination by an independent adviser.*

Financing of Acquisitions

Acquisitions will give rise to a continuing need for finance. The manner of funding each acquisition will depend on conditions prevailing at the time. As well as making use of the funds available to the Company from this Offer for Sale, finance may be raised by further equity issues, *by borrowings or by a combination of these, supplemented by retentions through depletion and* depreciation provisions.

Partly paid shares are being issued in order to enable the Company quickly to arrange finance for suitable acquisition proposals. The Directors expect that the Company will be able to arrange short term borrowing against the uncalled liability on the partly paid shares. If such *borrowing were made, the Directors would intend to refinance it either through an issue of fully* paid shares or through longer term borrowing: if neither alternative was appropriate, the Directors would call some or all of the unpaid liability on the partly paid shares. In the longer term however the Directors will keep under review the Company's continuing requirement for partly paid shares.

The cost of acquiring the Company's interest in Northeast Blanco, including estimated related expenses, was $11,206,000. After deducting formation expenses and the expenses of this Offer for Sale, the funds available to the Company for making further acquisitions are estimated to amount to $10,170,000 which will be temporarily invested in bank deposits, certificates of deposit or government obligations.

Directors and Management

The management of the Company is under the control of its Board of Directors who are as follows:—

A. J. W. S. Leonard, aged 64, is the Chairman of the Company. After ten years in H.M. Treasury he joined the Royal Dutch Shell Group where he was a Director of Shell *International Petroleum Company Limited and Group Treasurer from 1968 until his retire*ment from the Group in 1977. He is now a Director of Grindlays Bank Limited, Oil and Associated Investment Trust Limited and several other public companies. He is also an adviser to a number of pension funds.

R. W. Brittain, aged 43, is a Director of Touche Remnant & Co., and has had five *years' involvement with the oil and gas industry. He is Managing Director of T R Energy* Limited, a company established to hold some of the more specialised energy related investments of the investment trust companies managed by Touche Remnant & Co.

J. P. A. Chenevier, aged 62, has worked for Société Francaise des Pétroles B.P. from 1949, becoming Président-directeur Général in 1959 which position he held until *his retirement in 1979; he remains a non-executive director. Since 1975, M. Chenevier has* been Président of l'Institut de l'Entreprise.

A. G. Down, aged 42, has been a partner of James Capel & Co. since 1975 and is a Director of M & G Group Holdings Limited and of Shackleton Petroleum Corporation and several other public companies.

R. A. R. *Evans, aged 42, is a barrister employed by Carey, Langlois & Co., advocates,* who are legal advisers to the Company in Guernsey. Mr. Evans is a non-executive director of Guinness Mahon Guernsey Limited, a wholly owned subsidiary of Guinness Mahon & Co. Limited ("Guinness Mahon").

F. C. Fleischer, aged 55, is a General Manager of Bank Mees & Hope N.V. He joined *the bank in 1953 and is now responsible for managing the bank's investment division.*

P. L. Goldie, aged 34, is an Executive Director of Guinness Mahon, with responsibility for certain of the bank's corporate lending and oil and gas investment relationships.

Baron M. von Schröder, aged 66, was until his retirement in 1979 a partner of Schröder, Münchmeyer, Hengst, & Co., bankers established in Hamburg, Frankfurt and Offenbach. He is now a member of the Advisory Board of this bank.

S. Viig, aged 70, was Deputy Governor of the Bank of Norway from 1952 to 1957, an Executive Director of the International Bank for Reconstruction and Development (World Bank) from 1956 to 1958 and Managing Director and Chief Executive of Christiania Bank og Kreditkasse, Oslo from 1958 until his retirement in 1980. Mr. Viig became a consultant *to Guinness Mahon in November 1980.*

The Company has entered into an advisory agreement ("the advisory agreement") with Devon Corporation ("Devon"), *a privately owned independent* oil and gas production and exploration company based in Oklahoma City. Under the advisory agreement, which will run, subject to rights of prior determination, for an initial period of five years, Devon's responsibility is *to identify suitable* acquisitions in the United States for consideration by the Company, and thereafter to manage such acquisitions on behalf of the Company. The Company is not obliged to accept any acquisitions proposed by Devon nor is it *prohibited from making suitable acquisitions* first introduced from other sources. Devon is however generally obliged, in relation to every acquisition proposal identified by it, to offer the Company an interest which is at least as large as *that offered to any* other potential investor. The balance of an acquisition may be offered to other investors but on no more favourable terms than those offered to the Company. Where the Company does not elect to participate *in an acquisition proposed by Devon,* it will not contribute to the costs incurred by Devon but will be precluded from participating in that acquisition independently of Devon.

Devon will manage each investment acquired under the advisory agreement, usually through separate limited partnerships in which Devon will be the general partner and the Company a limited partner.

Devon will be entitled to remuneration for identifying and recommending suitable acquisitions under the advisory agreement and for managing investments in which the Company participates. Such remuneration will be fixed in each case at the time of acquisition. No introductory fees will be paid to Devon. Devon's remuneration in respect of the Company's interest *in Northeast Blanco is referred to below in the section headed "Northeast Blanco".*

Further details concerning Devon and the advisory agreement are set out in Appendix I.

DeGolyer and MacNaughton have been appointed as oil and gas engineers to the Company to carry out evaluations of the Company's oil and gas property portfolio as and when required for reporting to shareholders.

Northeast Blanco

Company's interest in Northeast Blanco

The Company completed its first acquisition with effect from 1st January, 1981. OGP (Delaware) Inc. is the sole limited partner of Devon-Blanco, Ltd. ("Devon-Blanco"), an Oklahoma limited partnership which has acquired *certain working interests* in Northeast Blanco. *A working* interest is a right to receive a proportion of revenues attributable to an oil and gas leasehold in exchange for bearing development and operating costs.

Devon is the sole general partner of Devon-Blanco. As sole general partner Devon is responsible for the management and control of Devon-Blanco's affairs. The principal terms of the limited partnership *agreement are summarised in Appendix II.*

OGP (Delaware) Inc. is a wholly owned subsidiary of the Company held through other subsidiaries in the Netherlands and Netherlands Antilles. OGP (Delaware) Inc. has made a capital contribution to Devon-Blanco of $10,529,000. With this capital contribution Devon-Blanco purchased the working interests in Northeast Blanco. These working interests were previously held by Blackwood & *Nichols* Co., Ltd. ("Blackwood & Nichols"), a New Mexico limited partnership which is the operator for Northeast Blanco (see below).

In order that Devon-Blanco could acquire these working interests, Devon, at the request of Guinness Mahon, entered into purchase contracts with certain limited partners of Blackwood & Nichols to acquire their limited partnership interests, and agreed with Blackwood & Nichols *to withdraw the corresponding* working interests from the Blackwood & Nichols partnership so that they could be held separately. On 28th January, 1981 Devon transferred at no profit the benefit of these arrangements to Devon-Blanco and on the *same day Devon-Blanco completed* the purchase of the limited partnership interests in Blackwood & Nichols for $10,529,000 and withdrew from Blackwood & Nichols the corresponding working interests. Thus Devon-Blanco *holds these working interests separately* from Blackwood & Nichols. References in this document to the Company's interest in Northeast Blanco are to the limited partnership interest of OGP (Delaware) Inc. in Devon-Blanco.

The necessary finance for the acquisition of the Company's interest in Northeast Blanco was provided out of sums paid by Guinness Mahon for subscription of fully paid shares in the *Company and out of a loan provided by Guinness* Mahon to the Company, the principal amount of which has been repaid out of the proceeds of a further allotment of fully paid shares in the Company to Guinness Mahon.

The Directors will consider acquiring further working interests in Northeast Blanco if they become available at a later date.

Description of Northeast Blanco

The Company's interests are located in the San Juan Basin gas producing field which covers a surface area of approximately 2,300 *square miles of the states of New Mexico and* Colorado. Northeast Blanco itself covers approximately 33,000 acres (51 square miles) and is a Federal Unit. Maps and diagrams are included in Appendix II.

The first discovery of gas in Northeast Blanco was made in 1951 since when reserves of gas have been located in three geological formations: Mesaverde, Pictured Cliffs/Fruitland and Dakota, this last, *at approximately 8,000 feet,* being the deepest formation. No drilling in Northeast Blanco has taken place below this depth. The Mesaverde formation is a participating area in

Northeast Blanco (that is, each working interest owner has a fixed percentage interest in the whole unit rather than varying percentages in each well). Devon-Blanco has a 5.7 per cent. working interest in the Mesaverde formation. The other two formations, Pictured Cliffs/Fruitland and Dakota, are not participating areas, and the percentage working interest varies from well to well.

Relations between the owners of the working interests, including Devon-Blanco, are governed by a unit agreement the principal provisions of which are summarised in Appendix II.

The Operator

Blackwood & Nichols acts as operator under a unit operating agreement on behalf of all the working interest owners in Northeast Blanco, including Devon-Blanco. Blackwood & Nichols, or its predecessor partnership, has been the operator for Northeast Blanco since gas was first discovered there. Blackwood & Nichols retains a substantial working interest in Northeast Blanco.

The principal provisions of the unit operating agreement are summarised in Appendix II.

Sale of Gas

The sale of gas produced from Northeast Blanco is governed by a gas purchase agreement dated 1st March, 1975 between El Paso Natural Gas Company ("El Paso") as buyer and Blackwood & Nichols as seller, which replaced an earlier expired agreement. Devon-Blanco has the benefit of, and is bound by, this agreement in respect of the working interests which it has acquired. The gas purchase agreement runs until 1995 and thereafter from month to month until terminated by either party.

Under the terms of the gas purchase agreement El Paso is obliged to pay for, whether or not it takes delivery of, a minimum of 75 per cent. of the sum of the daily stabilised producing capacity of all wells covered by this agreement down to and including the Dakota formation. Since the commencement of the current gas purchase agreement El Paso has taken and purchased substantially all the available production from Northeast Blanco.

In addition to being a purchaser of gas, El Paso owns substantial working interests in Northeast Blanco and in other neighbouring areas in the San Juan Basin field.

El Paso operates one of the largest interstate natural gas transmission systems in the United States with more than 20,000 miles of pipe-line. Over 75 per cent. of its sales are to markets in California. It also serves markets in Arizona, New Mexico, west Texas and southern Nevada. El Paso is a subsidiary of The El Paso Company which is listed on the New York Stock Exchange. In the year ended 31st December, 1979 The El Paso Company had operating revenues in excess of $3,000 million and at 31st December, 1979 total stockholders' equity amounted to $795 million.

A summary of the gas purchase agreement is set out in Appendix II.

Gas Pricing

Under the gas purchase agreement El Paso is required to pay a price equal to the ceiling rate for gas prescribed by the Federal Power Commission, predecessor to the Federal Energy Regulatory Commission ("FERC"), or any successor governmental authority. In the event of gas prices ceasing to be regulated Blackwood & Nichols, as seller, has the right to request a re-determination of the sale price and consideration will be given to the then prevailing market price in the Rocky Mountain areas in determining the price.

The sale of gas in the United States is now regulated by the FERC under the Natural Gas Policy Act 1978 ("NGPA"). The NGPA provides different statutory ceiling prices for gas according to category. These statutory ceiling prices have been applied by Blackwood & Nichols and El Paso to gas delivered under the gas purchase agreement. Both parties agree that the price provisions of the agreement call for such prices. Consequently all Northeast Blanco gas is priced according to the statutory ceiling prices laid down by the NGPA. Under the NGPA, the price is allowed to increase with the rate of inflation in the United States. In addition the price for gas from any wells whose production has, during certain qualifying periods, fallen below an average of 60,000 cubic feet (60 MCF) per day is permitted to increase by a real growth factor.

Certain third parties (primarily consumer groups) have "protested" Blackwood & Nichols' right to receive, and El Paso's right to pay, NGPA ceiling prices under the gas purchase agreement, and El Paso's right to pass such prices on to the consuming public. Protest proceedings of this kind are currently commonplace for gas produced throughout the United States.

In the light of legal and commercial advice which they have obtained, the Directors are satisfied that the outcome of the "protests" will not have a material adverse effect on the Company's interest.

The FERC is authorised to designate natural gas produced from "tight" geological formations as "high cost" gas subject to an incentive price. The FERC has established that price at up to twice that otherwise obtainable, in certain cases, from wells drilled and to be drilled since 19th February, 1977. Efforts are under way to have the Mesaverde, Pictured Cliffs/Fruitland and Dakota formations underlying portions of Northeast Blanco classified as tight formations. It is not at present possible to predict whether these efforts will be successful.

Appraisal of the Company's interest in Northeast Blanco

An appraisal of the Company's interest in Northeast Blanco, effective as of 1st January, 1980 by Keplinger and Associates, Inc. ("Keplinger"), international energy consultants, is set out in Appendix III; the following paragraphs under "Northeast Blanco" should be read in conjunction with and qualified by that Appendix.

Up to 1st January, 1980 Northeast Blanco as a whole had produced approximately 240 billion (thousand million) cubic feet of gas (240,000 MMCF) from 115 wells. The Keplinger appraisal was prepared on the basis that a further 176 development wells will be drilled, which together with existing wells are projected to give a total future production of some 305,000 MMCF of gas (of which some 15,700 MMCF relate to the Company's interest). Development drilling is forecast to take place over the years up to 1993, financed out of cash flow from production. The total remaining project life is estimated to be approximately 65 years. No one well accounts for more than 1.4 per cent. of estimated total reserves of gas.

Keplinger has, in its appraisal, provided two evaluations of the Company's interest in Northeast Blanco. The Keplinger appraisal has in each evaluation taken estimated average costs and selling prices at 1st January, 1980. Basis A assumes no increases in costs and prices due to inflation; Basis B assumes a 10 per cent. per annum increase in gas prices due to inflation, up to a maximum selling price of $6.25 per MCF (a BTU equivalent of approximately $37.50 per barrel of oil). Operating costs for Basis B were escalated at 12 per cent. per annum until the gas price reached its maximum selling price and drilling costs at 12 per cent. per annum until 1987. The prices used by Keplinger for each category of gas in Northeast Blanco are shown under the heading "Economic Analysis" in the Keplinger appraisal. No account has been taken of price increases that would be obtainable if the gas were to be classified as "tight" gas.

Mr. G. F. Skelton, B.Sc., M.R.I.C., C.Chem., F.Inst.Pet., has examined the engineering evaluation of the Company's interest in Northeast Blanco for the Directors. Mr. Skelton is a member of the American Society of Petroleum Engineers and worked for The British Petroleum Company Limited from 1948 until 1971 when he was Manager of the Production and Petroleum Engineering Division. He is at present a consultant to the Petroleum Industry Training Board and to London & Scottish Marine Oil Company Limited.

Taking account of the comments of Mr. Skelton, and of the financial assumptions made in the Keplinger appraisal, the Directors believe that, subject to the risks associated with such an investment, the acquisition will prove to be rewarding for the Company.

Accountants' Report on the Company's interest in Northeast Blanco

There is set out in Appendix IV a report from Peat, Marwick, Mitchell & Co., Chartered Accountants, who have examined the accounts of Blackwood & Nichols in order to assess the revenue and cash flow attributable to the working interests now owned by Devon-Blanco for the five years to 31st December, 1980. It can be seen from the report that revenue has grown steadily during this period and that the results for 1980 show revenue of $1,244,000 and net cash flow of $1,042,000. The accounts of Blackwood & Nichols have been prepared on a cash basis, which gives a time lag of approximately two months from the production basis adopted by Keplinger in Appendix III. Notwithstanding the time lag the results reflected in the report for 1980 may be compared with the projections of Keplinger for that year which on Basis B showed revenue of $1,281,000 and net cash flow of $1,080,000. The 1980 production was 628,000 MCF compared with the projection of Keplinger for that year of 684,000 MCF. The shortfall was due to minor technical difficulties which have since been resolved. The average price of gas sold in the year to 31st December, 1980 was $1.979 per MCF compared with the average price of $1.874 per MCF used in Basis B of the projections prepared by Keplinger.

Devon's Remuneration

In respect of Northeast Blanco, Devon will receive remuneration from Devon-Blanco of 5 per cent. of Devon-Blanco's net cash flow until OGP (Delaware) Inc. has received distributions from Devon-Blanco equal to its capital contributions (estimated to take place between 1989 and 1993): thereafter the remuneration will be 25 per cent. of such net cash flow. Devon will also receive an overhead allocation. In the years ending 31st December, 1981 and 1982 Devon's remuneration is included in the projections in Appendix V as $38,000 and $48,000 and the estimated overhead allocation (which is deducted before calculating Devon's remuneration) is included in those projections as $45,000 and $50,000. Devon's total future remuneration in respect of Northeast Blanco, discounted at the internal rates of return shown in the table set out in the following paragraph, is projected to amount to $1.5 million in the case of Basis A and $1.9 million in the case of Basis B.

Financial Evaluation

The following table sets out for Basis A and Basis B the Directors' calculation of the undiscounted future net revenue and the annual internal rate of return before tax that would apply to the Company's interest in Northeast Blanco. The calculations are based on cash flow after taking account of all payments to Devon and an acquisition cost of $10,529,000.

	Basis A (unescalated)	Basis B (escalated)
Undiscounted future net revenue	$21.8 million	$43.5 million
Internal rate of return per annum (before tax)	6.7 per cent.	13.7 per cent.

The return on the Company's interest in Northeast Blanco may be influenced by factors outside the control of the operator and the working interest owners such as demand for gas, the determination of the volume of gas production and drilling programmes by the New Mexico Oil Conservation Commission, the availability of drilling rigs and tubular goods for development drilling and the outcome of the "protests". In recent years the operation of Northeast Blanco has not been materially affected by these factors. The return would be improved if based upon the higher prices obtainable from "tight" gas classification.

Projections and Dividend Policy

Appendix V sets out projections of the income and cash flow of the Company, on the footing of Basis B, which would arise from its interest in Northeast Blanco (based in part on the Keplinger appraisal) and from notional income from temporarily uncommitted funds. **It is emphasised that these projections should on no account be taken as forecasts and should be read in conjunction with the notes set out in that Appendix.**

As noted under "Objectives" above it is the Directors' policy to distribute by way of dividend as large a part of the Company's earnings as they consider prudent. Dividends on the partly paid shares will be *pro rata* to the amount of the issue price paid up.

It is not possible to determine when the uncommitted funds will be invested in acquisitions. It is therefore not practicable for the Directors to make any forecast of the Company's results for the year ending 31st December, 1981, and accordingly the Directors consider it would be misleading to provide estimates of earnings or yield per share.

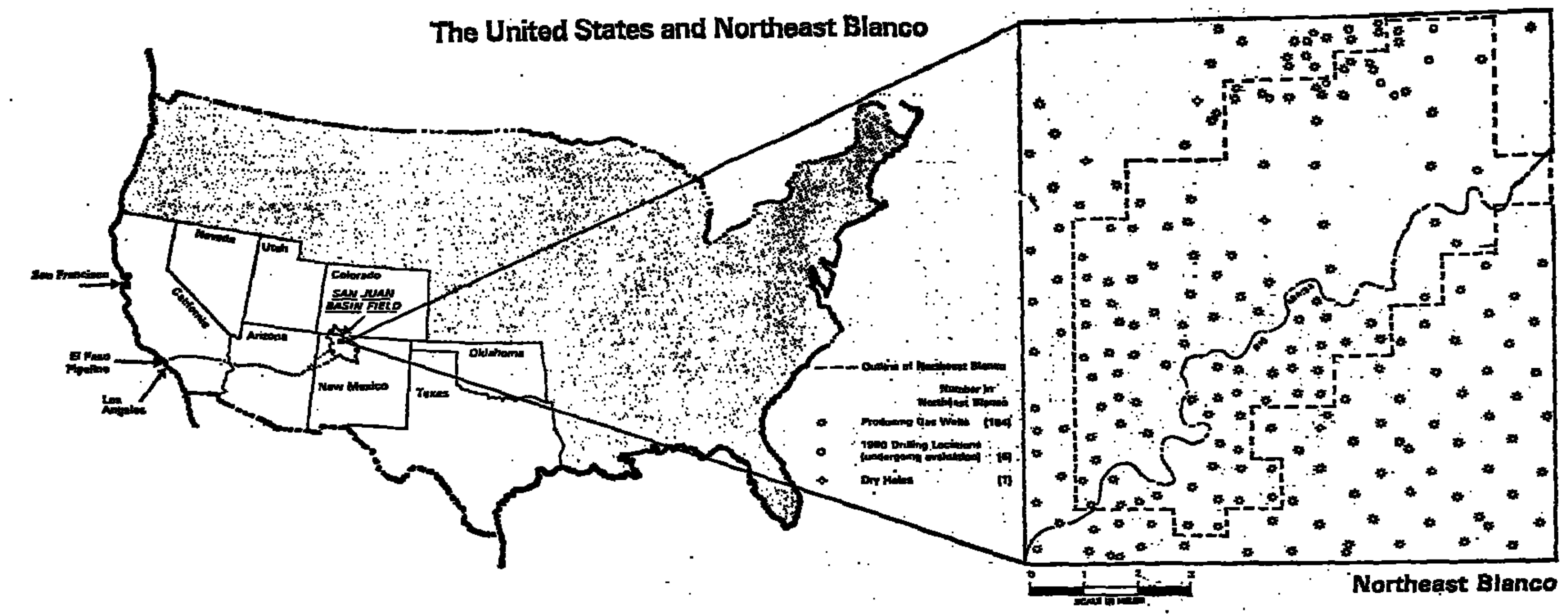
The Company has been registered in Guernsey, but is not intended to be resident in Guernsey for the purposes of liability to Guernsey income tax. As the Company does not intend to have any income arising in Guernsey other than bank deposit interest, under existing law and practice in Guernsey the Company's liability to taxation in Guernsey will be limited to corporation tax in Guernsey (currently at a maximum rate of £300 per annum), and dividends paid by the Company to shareholders will not be subject to any withholding tax in Guernsey.

Conclusion

The Directors believe that the acquisition of the interest in Northeast Blanco, together with the capital structure of the Company, give a sound, conservative basis for accumulating a portfolio of producing oil and gas properties with the objective of providing shareholders with an income stream related as closely as possible to changing oil and gas prices. The Directors look forward to working with Devon to produce further successful acquisitions for the Company.

Procedure for Application

The procedure for application and Application Forms for shares in the Company are set out at the end of this document.



Appendix I Further Information on Devon and the Advisory Agreement

1. **Devon**

Devon is an independent oil and gas exploration and production company. One of its principal activities is the syndication with European corporate investors of acquisitions of producing oil and gas properties. It has also increased its own oil and gas reserves through exploration of undeveloped properties which has been financed by the proceeds of investment in drilling funds marketed to United States investors.

Devon's corporate headquarters are located in Oklahoma City, Oklahoma, with district offices in Denver *(Colorado), Monroe (Lousiana)* and Charleston (West Virginia). Devon has 141 full time employees including seven petroleum engineers, eight geologists, one geologist-geophysicist, nine landmen and two attorneys.

Devon manages or owns interests in 4,103 gross oil and gas wells or 465 net wells located in thirteen states. Devon itself operates approximately 668 of these wells. *Devon also owns a 50 per cent. interest in a 335 mile intrastate* pipeline in West Virginia, of which it is also the operator. In addition Devon owns small interests in six gas processing *plants and a significant* interest in an integrated gas processing-refinery complex in northern Louisiana.

A significant number of Devon's producing properties was acquired as producing reserves. Devon examines approximately 50 proposed acquisitions each year and since 1971 has managed acquisitions whose aggregate purchase price was $114.5 *million (including two acquisitions in 1980 totalling $38 million). Most of these acquisitions* have been syndicated under Devon's management to European corporate investors.

Devon's equity capital is held by approximately 100 shareholders, and its stock is not listed on any stock exchange. John Nichols, Chairman of the Board of Devon, has long experience of the oil and gas industry, having formed the partnership of Blackwood & Nichols which filed the first ever registered oil and gas drilling programme with the *Securities and Exchange Commission in 1950. His son Larry Nichols, President of Devon,* is a geologist and also served as a law clerk to Chief Justice Earl Warren and was a Special Assistant in the U.S. Department of Justice. The Nichols family controls 24.9 per cent. of Devon.

H. R. Sanders, Jr., is joining Devon in February 1981 with particular responsibility for acquisitions. *Mr. Sanders* is currently a Senior Vice-President in the Petroleum and Minerals Department of Republic National Bank of Dallas.

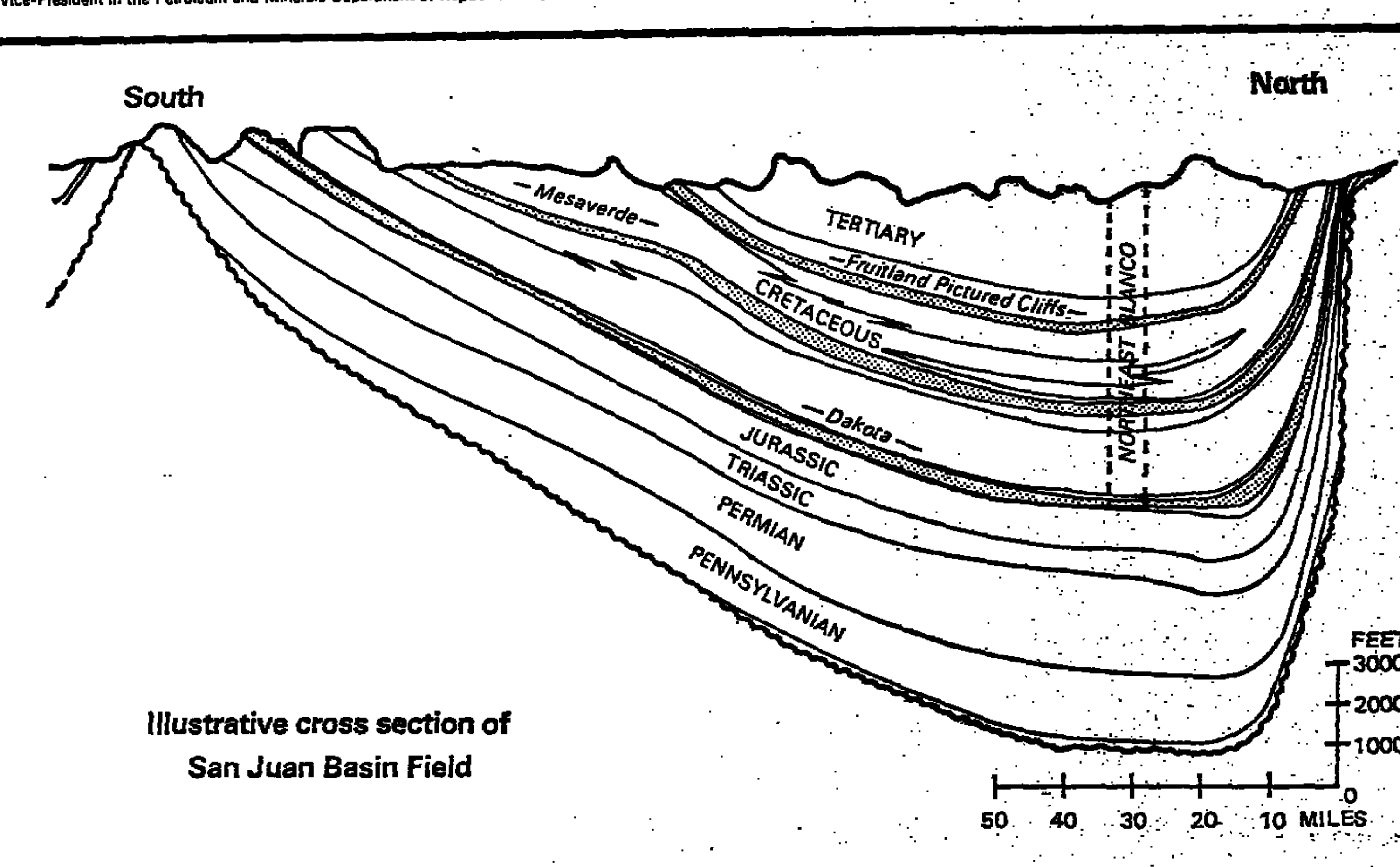
2. **Unit Agreement and Unit Operating Agreement**

The Northeast Blanco Unit, as originally formed, is an area comprising approximately 33,000 surface acres in San Juan and Rio Arriba Counties, New Mexico. Since 1951, Blackwood & Nichols' interest in the leases within the unit have been subject to a Unit Operating Agreement and a Unit Agreement with various owners of interests within such unit. The Unit Agreement provides for the establishment of "Participating Areas" which may comprise one or more formations within the unit. To date, one participating area has been created for the Mesaverde formation, in which all activities and benefits are shared according to an established formula. The other formations are being operated separately until a participating area is established with respect to one or more of such formations. Under the Unit Operating Agreement, Blackwood & Nichols, as unit operator, is responsible for supervising the production of oil and gas from the unit area. *The Unit Operating Agreement and the Unit Agreement impose certain obligations upon the* owners of interests (including Devon-Blanco) within the unit. Such obligations include the payment of their proportionate part of the expenses of operating the unit, including compensation to the unit operator. Additionally, under certain circumstances, such obligations include participation in the expense of drilling additional wells within the unit. In certain areas within the unit, interest owners are obliged to participate in additional drilling, while in other *areas within the unit, the owners may be able to elect not to so participate. In the latter event,* there may be penalties imposed upon the non-participating-interest owners, such as non-participation in revenues until a stated percentage of costs is recovered by the owners of interests who elect to participate. The interests within the unit are freely transferable to third parties. Significant expenditures in activities within the unit are subject to approval of an advisory committee made up of the owners of interests within the unit. The advisory committee is charged with the responsibility *for compliance with the provisions of all agreements and leases* and has the authority to adopt rules and regulations applicable thereto, to approve all drilling and production activities, to approve participating areas and amendments thereof and to establish the bases for percentages of participation in costs and revenues. The members of the advisory committee have votes representative of their ownership in the applicable participating areas or in the unit area if no participating area is applicable.

3. **Gas Purchase Agreement**

The leases are subject to a Gas Purchase Agreement between El Paso, as buyer, and Blackwood & Nichols, as seller, entered into in March 1975, which replaced a prior agreement which had expired by its own terms. The Gas Purchase Agreement is applicable to all natural gas produced from all geologic formations from the surface down to and including the Dakota Formation which, in this area, is at a depth of approximately 8,000 feet from the surface. Devon-Blanco is entitled in respect of its working interests to the benefit of, and is bound by, the Gas Purchase Agreement. The Gas Purchase Agreement is for a term ending in 1995, and will continue from month-to-month thereafter until notice of termination is given by either party. Under the terms of the Gas Purchase Agreement, natural gas is sold in interstate commerce pursuant to a small producer's certificate issued to Blackwood & Nichols in 1976 by the Federal Power Commission. The Gas Purchase Agreement contains a "take or pay" provision, requiring El Paso to pay for a minimum of 75 per cent. of the sum of the daily stabilised producing capacity of all wells covered by the agreement, whether or not it takes delivery of such gas. *If El Paso elects (for reasons other than quality considerations)* not to take delivery of the minimum, it has the right to receive any quantity of gas which it has paid for but not received within a period of five years following the deficiency. If, at the time such gas is subsequently delivered, the price payable for it under the agreement would have been higher than that already paid by El Paso, El Paso is required to pay the difference.

4. **Maps and Diagrams** *(see above)*



Illustrative cross section of San Juan Basin Field

2. ***The Advisory Agreement***

In addition to the matters described above under "Directors and Management", the Advisory Agreement contains provisions, *inter alia*, to the following effect:—

(1) Devon will act as the Company's advisers in the United States. This role will include:—
  (i) identifying suitable acquisitions of producing properties in the United States;
  (ii) carrying out detailed examination of the assets involved: and
  (iii) recommending to the Company a purchase price which Devon considers reasonable.

(2) The Company acknowledges that Devon will wish to continue to offer participation in acquisitions to its existing investors and may also wish to participate itself. However, no other prospective participant in an acquisition will initially be offered a larger interest than the Company nor may any other participant participate on more favourable terms than those offered to the Company.

(3) The Company is not obliged to accept any acquisition proposed by Devon but if the Company does decline it is obliged to give full reasons to Devon and may not subsequently invest in the property concerned.

(4) Devon may not, except in specified circumstances, itself invest in an acquisition which might be suitable to the Company without also offering the Company the opportunity to invest on the same terms.

(5) In relation to each investment Devon will receive remuneration as agreed between Devon and the Company at the time of the investment.

(6) The method in which each investment will be structured is not specified in the Advisory Agreement but will be proposed by Devon at the time the investment is identified. Devon has confirmed to the Company *that it is not intending to withdraw from management of an investment made under the Advisory Agreement* (including Northeast Blanco).

(7) The *Company may acquire properties first* introduced by sources other than Devon. The Company must inform Devon of any acquisition it makes that is introduced by another source.

(8) The Advisory Agreement will be for an initial term of five years, terminable by the Company or Devon on six months' notice expiring after the end of the five year period. However, the Company and Devon have the right to terminate the agreement before the expiry of five years in certain specified circumstances, *including the following:*—
  (a) the Company may terminate the agreement at any time, for whatever reason, upon thirty days' *written notice to Devon; and*
  (b) Devon may terminate the agreement at any time if the Company, having elected to participate in a *proposed acquisition identified by Devon, fails to complete the acquisition in circumstances* which Devon considers to be unreasonable.

Appendix II Further Information on Northeast Blanco

1. **Devon-Blanco Limited Partnership Agreement**

The Devon-Blanco Limited partnership agreement contains provisions, *inter alia*, to the following effect:—

(1) Devon, the general partner, is required to make no capital contribution to the capital of the Partnership. OGP (Delaware) Inc., the sole limited partner, is required to make a capital contribution of $10,900,000 of which it has paid in $10,529,000. OGP (Delaware) Inc. will pay in further capital up to its required *contribution as necessary to meet the Partnership's expenses of the acquisition of the working interests.*

(2) The purpose of the Partnership is to acquire certain limited partnership interests in Blackwood & Nichols and to cause those limited partnership interests to be redeemed in exchange for a conveyance of undivided interests in certain gas properties forming a part of the Northeast Blanco Unit area and thereafter to own, develop, operate and produce those interests, and to acquire further interests in the Northeast Blanco *Unit area or in contiguous areas.*

(3) Devon, which in its capacity of general partner has unlimited liability, manages and controls the Partnership's business. *In managing the Partnership's affairs Devon must act in a prudent and business-like* manner and in the best interests of the Partnership.

(4) The general partner is not authorised to acquire additional leaseholds for an amount in excess of $1,000,000 in aggregate in any one year.

(5) Devon may not sell or assign its interest in the Partnership. OGP (Delaware) Inc. may, with the consent of Devon, transfer its interest in the Partnership.

(6) OGP (Delaware) Inc. will not be personally liable for any of the debts or losses of the Partnership or *personally liable to the Partnership except to the extent of (i) any unpaid capital contribution, (ii)* its share of undistributed earnings, and (iii) its share of distributed earnings to the extent that distributions had been made when Partnership liabilities exceeded assets.

(7) The Partnership may borrow money on the security of the assets of the Partnership.

(8) Devon shall distribute monthly to OGP (Delaware) Inc. all of the money of the Partnership, if any, which, in the opinion of Devon, is not needed for future Partnership operations.

(9) The Partnership bears costs incurred in the acquisition of Partnership properties including the financing thereof. Devon is entitled to receive an annual overhead allowance of $45,000 during the first year of the Partnership and indexed thereafter on the basis of changes in the index of average weekly earnings of Crude Petroleum and Gas Fields Production workers. In addition, Devon is entitled to receive a management fee of 5 per cent. of the Partnership's net operating cash flow (as defined), increasing to 25 per cent. when OGP (Delaware) Inc. has received distributions equal to its capital contributions. In the event *that the Partnership is dissolved* Devon will continue to receive this management fee, which will become a charge on the Partnership assets distributed in the dissolution.

(10) The Partnership will continue until 31st December, 2045 unless terminated earlier. The Partnership will dissolve on the insolvency of Devon, or at the request of partners having a combined financial interest in the Partnership of more than 50 per cent. or in any circumstances required by law.

Appendix III
An appraisal by Keplinger of the Company's interest in Northeast Blanco

The following is the text of the letter dated 13th January, 1981 received by the Directors of the Company from Keplinger and Associates, Inc. international energy consultants.

Keplinger is a Houston based Corporation with offices in a number of United States cities. The firm employs a professional staff of engineers, geologists and economists. These personnel are engaged in the appraisal of oil and gas *properties, in the evaluation of hydrocarbon and other mineral prospects, in the appraisal of the exploitation potential* of unexplored properties and in studies relating to the economics of the international oil industry.

320 South Boston Building
Suite 320
Tulsa, Oklahoma 74103

The Directors
Oil and Gas Production Limited
and Guinness Mahon & Co. Limited
32 St. Mary at Hill
London, EC3P 3AJ
England.

January 13, 1981

Re: An Appraisal of Properties
Located in the Northeast Blanco Unit
San Juan and Rio Arriba Counties
State of New Mexico
At January 1, 1980

Gentlemen:

In accordance with your request, Keplinger and Associates, Inc. has prepared an appraisal of properties located in the Northeast Blanco Unit area, San Juan and Rio Arriba Counties, New Mexico, owned by Blackwood & Nichols Co., Ltd. This appraisal has been made for Oil and Gas Production Limited, at the request of Devon Corporation. The appraisal includes reserves in the unitized Northeast Blanco Mesaverde Unit and the nonunitized Dakota and Pictured Cliffs formations. The reserve categories are proved producing, proved undeveloped, probable, and possible. The results of our appraisal, at an effective date of January 1, 1980, are summarized as follows:

Formation and Reserve Category	*Net to the Appraised Interest* — *Gas (MCF)* *Basis A*	*Gas (MCF)* *Basis B*	*Future Revenue* *Basis A* $	*Future Revenue* *Basis B* $
Mesaverde				
Proved Producing	6,585,322	6,570,611	10,642,856	19,853,934
Proved Undeveloped	3,310,151	3,310,151	6,478,160	14,210,394
Total Mesaverde	9,895,473	9,880,762	17,121,016	34,064,328
Dakota				
Proved Producing	100,881	100,881	106,384	180,209
Proved Undeveloped	936,660	936,660	1,731,409	3,939,848
Probable	1,898,096	1,898,096	3,585,898	8,515,008
Total Dakota	2,935,437	2,935,437	5,423,691	12,634,865
Pictured Cliffs				
Proved Producing	177,034	177,034	298,483	608,561
Proved Undeveloped	937,734	937,734	1,931,262	3,707,580
Probable	885,915	885,915	1,731,277	3,820,882
Possible	904,006	904,006	1,770,427	3,924,936
Total Pictured Cliffs	2,904,689	2,904,689	5,731,449	12,061,959
TOTAL ALL FORMATIONS AND ALL RESERVES	15,735,599	15,720,888	28,276,156	58,761,152

Summary forecasts of the future annual production and net cash flow for all properties are shown as Basis A, a non-escalated case, and Basis B, an escalated case.

CONTINUED

OIL AND GAS PRODUCTION LIMITED

An Appraisal of Certain Interests
Northeast Blanco Unit
San Juan and Rio Arriba Counties, New Mexico
As of January 1, 1980

Basis A
(Nonescalated Case)

Net to the Appraised Interest

Year Ending December 31	Number of Wells	8/8 Production Gas (MMCF)	Gas (MMCF)	Sales Price ($/MCF)	Future Revenue	Production Taxes	Operating Expenses	Net Revenue	Capital Cost	Future Net Cash Flow
				$	$000	$000	$000	$000	$000	$000
1980	110	14,231	684	1.874	1,281	90	22	1,169	89	1,080
1981	116	12,725	611	1.855	1,134	80	23	1,031	295	736
1982	132	12,758	626	1.930	1,209	85	27	1,097	249	848
1983	147	12,663	626	1.975	1,236	86	31	1,119	225	894
1984	162	12,397	617	2.006	1,238	87	34	1,117	307	810
1985	177	12,304	626	2.054	1,285	90	38	1,157	254	903
1986	191	12,278	621	2.090	1,298	91	42	1,165	255	910
1987	208	12,351	621	2.126	1,321	92	45	1,184	242	942
1988	220	12,430	623	2.156	1,343	94	48	1,201	339	862
1989	233	12,496	657	2.201	1,445	101	52	1,292	263	1,029
1990	244	12,440	661	2.230	1,474	103	55	1,316	106	1,210
1991	255	12,256	648	2.249	1,457	102	58	1,297	120	1,177
1992	266	12,021	637	2.266	1,443	101	61	1,281	115	1,166
1993	276	11,717	620	2.283	1,416	99	63	1,254	70	1,184
1994	284	11,030	580	2.298	1,332	93	64	1,175	0	1,175
1995	280	9,766	514	2.301	1,182	83	63	1,036	0	1,036
1996	278	8,905	469	2.318	1,086	75	63	948	0	948
1997	276	8,222	433	2.333	1,011	71	63	877	0	877
1998	275	7,638	402	2.356	948	66	62	820	0	820
1999	274	7,119	375	2.386	896	63	62	771	0	771
Total 1980 thru 1999		227,747	11,651	2.149	25,035	1,752	976	22,307	2,929	19,378
Total 2000 to End		77,451	4,085	2.664	10,882	762	1,222	8,898	0	8,898
Total 1980 to End		305,198	15,736	2.283	35,917	2,514	2,198	31,206	2,929	28,276

Basis B
(Escalated Case)

Net to the Appraised Interest

Year Ending December 31	Number of Wells	8/8 Production Gas (MMCF)	Gas (MMCF)	Sales Price ($/MCF)	Future Revenue	Production Taxes	Operating Expenses	Net Revenue	Capital Cost	Future Net Cash Flow
				$	$000	$000	$000	$000	$000	$000
1980	110	14,231	684	1.874	1,281	90	22	1,169	89	1,080
1981	116	12,725	611	2.034	1,243	87	26	1,130	331	799
1982	132	12,758	626	2.327	1,458	102	34	1,322	313	1,009
1983	147	12,663	626	2.618	1,639	115	43	1,481	316	1,165
1984	162	12,397	617	2.931	1,809	127	53	1,629	483	1,146
1985	177	12,304	626	3.309	2,071	145	68	1,858	447	1,411
1986	191	12,278	621	3.719	2,309	162	82	2,065	504	1,561
1987	208	12,351	621	4.157	2,581	180	97	2,304	535	1,769
1988	220	12,430	623	4.618	2,876	201	116	2,559	839	1,720
1989	233	12,496	657	5.167	3,394	238	141	3,015	650	2,365
1990	244	12,440	661	5.567	3,680	257	167	3,256	262	2,994
1991	255	12,256	648	5.659	3,667	257	179	3,231	297	2,934
1992	266	12,021	637	5.741	3,656	266	192	3,208	285	2,923
1993	276	11,717	620	5.818	3,608	253	203	3,152	172	2,980
1994	284	11,030	580	5.887	3,414	239	213	2,962	0	2,962
1995	280	9,766	514	5.938	3,050	213	217	2,620	0	2,620
1996	278	8,905	469	6.007	2,816	198	221	2,397	0	2,397
1997	276	8,222	433	6.080	2,633	184	227	2,222	0	2,222
1998	275	7,638	402	6.158	2,479	173	233	2,073	0	2,073
1999	274	7,119	375	6.245	2,343	164	240	1,939	0	1,939
Total 1980 thru 1999		227,747	11,651	4.464	52,007	3,641	2,774	45,592	5,523	40,069
Total 2000 to End		77,133	4,070	6.250	25,437	1,780	4,965	18,692	0	18,692
Total 1980 to End		304,880	15,721	4.926	77,444	5,421	7,739	64,284	5,523	58,761

Method of Evaluation

The properties have been evaluated on the basis of future net cash flow which is defined as the amount of future net revenue we estimate will accrue to the appraised interest by operating the properties to an economic depletion of the recoverable reserves. The future undiscounted net cash flow should not be construed to be the fair market value of the properties. Basis A shows future net cash flow assuming no escalation in gas prices or costs and Basis B shows future net cash flow assuming escalation in gas prices and costs as set out under Economic Analysis.

Classification of Reserves

The reserves considered in this report are classified as proved producing, proved undeveloped, probable, and possible in accordance with definitions of the Society of Petroleum Engineers of AIME.

The proved producing classification represents those reserves which can be recovered from existing wells under present economic and operating conditions. The proved undeveloped reserve classification represents those reserves to be recovered from new wells on undrilled acreage. The probable undeveloped reserve classification represents those reserves which are supported by favorable engineering and geological data, but are subject to some greater element of risk. The possible reserve classification represents those reserves that are speculative reserves where risk is relatively high.

Reserve Determination

Proved producing reserves for the Mesaverde and Dakota wells were determined through the use of production decline curves in conjunction with the P/Z versus cumulative production plots. Proved producing reserves for the Pictured Cliffs wells were determined by analogy to similar wells in the same reservoir. For clarity the Pictured Cliffs reserves include both the Pictured Cliffs and Fruitland formations. The proved undeveloped, probable and possible reserves were determined by analogy to similar wells in the same reservoir. Keplinger and Associates, Inc. reserves the right to revise the reserves and values presented in this evaluation when additional performance history becomes available.

The reliability of any reserve estimate is a function of the quality of available information and of engineering interpretation and judgment. In our opinion, the reserve estimates presented herein, in accordance with generally accepted engineering and evaluation principles consistently applied, are believed to be reasonable. These reserves should be accepted with the understanding that drilling activities or additional information subsequent to the date of this report might require their revision.

Development History

Blackwood & Nichols Co., Ltd. completed the Northeast Blanco No. 1-27 in Section 27, T 31N, R 7W in October, 1952, as a Dakota producer. This was the first of five successful Dakota wells drilled within the boundary of the Northeast Blanco Unit area by 1959. One noncommercial Dakota well was drilled in 1970; however, the well did test gas. The first Mesaverde producer was drilled in early 1953. Continuous development followed with 67 Mesaverde wells being completed through 1961. No additional development occurred until 1975. Since that date 38 Mesaverde wells have been completed. Five Pictured Cliffs wells were drilled in 1979.

Cumulative gas production to January 1, 1980 from the Mesaverde formation is 235,691 MMCF. This includes 8,630 MMCF from wells that have been plugged and abandoned. Cumulative gas production to January 1, 1980 from the five Dakota wells is 4,633 MMCF.

Ownership

This evaluation considers 18.25 percent of the Blackwood & Nichols Co., Ltd. interest in the properties in the Northeast Blanco Unit area. Blackwood & Nichols Co., Ltd. has a 29.6058 percent expense interest and a 26.0302 percent income interest in the Northeast Blanco Unit. Expense and income interests owned by Blackwood & Nichols Co., Ltd. in nonunitized formations vary by tract. For the nonunitized formations a weighted-average ownership for each section was calculated. The 18.25 percent multiple was furnished by Devon Corporation to represent the interest to be evaluated.

Geology

The gas production in the New Mexico portion of the San Juan Basin is confined to San Juan, Rio Arriba, and Sandoval Counties. Most of the dry gas produced in the San Juan Basin occurs in stratigraphic reservoirs in the Pictured Cliffs sandstones, Mesaverde group, and Dakota formation, all of Upper Cretaceous age. Minor amounts of dry gas are produced from the sand and coal zones in the Fruitland formation, in what has been designated as the Chacra formation, and from the Gallup sandstone. The San Juan Basin is an area resembling a bowl with its center along the Rio Arriba and San Juan County lines. The area encompassed is approximately 102 miles in diameter and extends into Colorado. The area is part of the Colorado Plateau province and is characterized by broad tablelands and rolling hills interrupted by steep cliffs and canyons. The surface is, for the most part, broken and hilly. The rocks consist of many alternating layers of sandstone and shale. Altitudes range from 5,500 to 8,000 feet above sea level. The San Juan River flowing southwards across the field and the Animas River flowing southwestward meet at Farmington and provide the main drainage.

The Fruitland formation is found directly above the Pictured Cliffs formation and consists primarily of coal and shale with some sandstone stringers. These stringers, when located in the basal portion of the Fruitland, are usually tongued to the Pictured Cliffs formation. Since the top of the Pictured Cliffs is usually picked on the top of the first sandstones below the last coal bed, these tongues are often mistaken for the true top.

The Pictured Cliffs formation in the San Juan Basin is of Upper Cretaceous age. The sandstones in the formation are gray- to grayish-white with a salt-and-pepper look, fine- to medium-grained, well-sorted, angular to sub-rounded, composed mainly of quartz with some ferromagnesium minerals and glauconite cemented with calcite and bentonite. The Pictured Cliffs sandstones are a series of lenses or benches that were deposited as the shoreline phase of a sea that regressed northeastward across the area. These benches show a definite northwest-southeast trend and overlap one another in some areas due to short periods of transgression. They become stratigraphically higher from southwest to northeast. There is little structure associated with the Pictured Cliffs and the trapping mechanism is stratigraphic in nature.

The Mesaverde group in the San Juan Basin is represented by three formations. The basal Point Lookout consists of marine sandstones interbedded with thin shales and was deposited in a sea which was regressing in a northeasterly direction. It is overlain by the Menefee and its nonmarine sandstones, coals, and shales. Transgression of the sea brought sandstones and shales of the Cliff House as a cover for the other formations. The Point Lookout was deposited on the Mancos shale and the Cliff House is overlain by the Lewis shale. The Point Lookout sandstone is described as a light- to medium-gray, angular to subangular, fine- to very fine-grained, well-cemented sandstone with laminations of light- to dark-gray carbonaceous shale. The Cliff House sandstone is light- to medium-gray, angular to subangular, very fine-grained, well-cemented, and laminated with light- to dark-gray carbonaceous shales.

The Dakota has been productive in all directions from the Northeast Blanco Unit. The Dakota sand is blanket in nature and gas accumulations are not structurally controlled; therefore, the entire unit area is potentially productive.

Economic Analysis

Gas prices were used as furnished by Blackwood & Nichols Co., Ltd. or as allowed by the Natural Gas Policy Act of 1978. For the Mesaverde gas in 1980, an average gas price of $2.493 per MCF was used for Section 103 (new) gas; a price of $2.127 per MCF was used for Section 104 (1975 to 1977) gas; a price of $2.914 per MCF was used for Section 108 (stripper) gas; and a price of $1.016 per MCF was used for Section 104 (vintage) gas. A price adjustment to 1,100 Btu's was included in each of these categories. For the Dakota gas in 1980, an average gas price of $0.966 per MCF was used. A price adjustment to 985 Btu's was included. For the Pictured Cliffs gas in 1980, an average gas price of $2.493 per MCF was used. This was Section 103 (new) gas with a price adjustment to 1,100 Btu's included.

In Basis A, no increase in prices through inflation has been assumed. In Basis B, the prices were escalated 10 percent per year to a maximum of $6.25 per MCF and then held constant for the remaining life of the wells. Section 108 (stripper) gas included an additional three and one-half percent per year escalation until April 1, 1981, then a four percent per year escalation as allowed by the Natural Gas Policy Act of 1978. Prices were adjusted to stripper on wells as they qualified for stripper pricing, in both Basis A and B.

An initial monthly operating expense of $300 per well was used on the Mesaverde and Pictured Cliffs wells and $325 per well was used on the Dakota wells. This price was escalated 12 percent per year until the gas price reached the maximum of $6.25. The operating expense was then held constant for the life of the wells.

Development drilling costs for 1980 were estimated at $150,000 for Pictured Cliffs wells, $275,000 for the Mesaverde wells, and $400,000 for the Dakota wells. In Basis B, these drilling costs were escalated 12 percent per year for eight years and then held constant during the remaining development period. In Basis A, there is no escalation assumed.

Development drilling was scheduled as follows:

Year	Number of Wells: Mesaverde	Dakota	Pictured Cliffs	Total
1980	6	—	—	6
1981	9	4	3	16
1982	9	3	3	15
1983	9	3	3	15
1984	9	3	3	15
1985	8	3	3	14
1986	11	3	3	17
1987	3	6	6	15
1988	3	6	6	15
1989	—	7	6	13
1990	—	—	11	11
1991	—	—	12	12
1992	—	—	12	12
TOTAL	67	38	71	176

Applicable production taxes have been considered in the future net revenue, but no provision has been made for depreciation or Federal and State income taxes. No value was assigned to the properties for any possible equipment salvage, nor was any deduction made for the future costs required to properly plug and abandon the wells.

General

Titles to the appraised properties have not been examined by Keplinger and Associates, nor has the degree or type of ownership been independently confirmed. This report was based upon data supplied by Blackwood & Nichols Co., Ltd. and Devon Corporation (upon whom we have relied for the completeness and accuracy of such information) or taken from the nonconfidential files of Keplinger and Associates. A field inspection of the properties was performed in conjunction with our evaluation.

In evaluating the information at our disposal concerning this appraisal, we have excluded from our consideration all matters as to which legal or accounting, rather than engineering, interpretation may be controlling. Finally, in assessing the conclusions herein expressed, as in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering data, and such conclusions necessarily represent only informed professional judgments.

This report has been prepared for the exclusive use of Devon Corporation and Oil and Gas Production Limited. The report shall not be reproduced, distributed, or made available to any other company or person without the knowledge and written consent of Keplinger and Associates, Inc.

We appreciate this opportunity to be of service to you.

Respectfully submitted,
KEPLINGER AND ASSOCIATES, INC.

Appendix IV
Accountants' report on the Company's interest in Northeast Blanco

The following is a copy of a report received from Peat, Marwick, Mitchell & Co., Chartered Accountants, London, the reporting accountants.

1 Puddle Dock,
Blackfriars,
London EC4V 3PD
29th January, 1981

The Directors,
Oil and Gas Production Limited,
Guinness Mahon & Co. Limited

Gentlemen,

On 28th January, 1981, Oil and Gas Production Limited completed, through its wholly-owned subsidiary OGP (Delaware) Inc., its first acquisition. Devon-Blanco, Ltd. ("Devon-Blanco"), an Oklahoma limited partnership in which OGP (Delaware) Inc. is the sole limited partner, acquired for cash, with effect from 1st January, 1981, certain working interests in a producing gas property in New Mexico, United States of America. These working interests were previously part of a working interest held by Blackwood & Nichols Co., Ltd. ("Blackwood & Nichols"), a limited partnership organised under the laws of New Mexico.

Under the terms of the limited partnership agreement constituting Devon-Blanco, OGP (Delaware) Inc. as the sole limited partner is entitled to receive all of the money of the partnership, if any, which, in the opinion of the general partner, is not needed for future partnership operations.

For the purposes of this report, we have examined the accounts of Blackwood & Nichols in order to assess the revenue and cash flow attributable to the working interests now owned by Devon-Blanco for the five years ended 31st December, 1980. The figures set out below represent an analysis of such revenue and cash flow, applying consistently for the period under review the following accounting policies:—

1. The figures have been prepared on a cash basis.
2. Drilling costs, both tangible and intangible, are treated as capital.

Revenue and cash flow for the five years ended 31st December, 1980.

Year ended 31st December	*Gas production attributable to Devon-Blanco's interest*	*Sales price per MCF*	*Revenue*	*Production taxes*	*Operating expenses*	*Net revenue*	*Capital costs*	*Net cash flow*
	MMCF	$	$000	$000	$000	$000	$000	$000
1976	442	0.634	281	23	23	235	37	198
1977	400	0.849	340	31	13	296	30	266
1978	447	1.057	472	42	17	413	308	105
1979	542	1.707	925	68	19	838	191	647
1980	628	1.979	1,244	107	27	1,110	68	1,042

The above figures have been prepared in cash flow form and therefore no account has been taken of depletion of the working interests or depreciation.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Appendix V Projections of Income and Cash Flow

There are set out below projections for 1981 and 1982 of the income and cash flow which might be generated from the Company's interest in Northeast Blanco and from investment of the balance of the funds available to the Company pending decisions as to further acquisitions. The projections have been prepared by the Directors of the Company based upon the possible gas production schedule, revenue, costs and capital expenditure projected in the Keplinger appraisal (Appendix III) as Basis B (escalated) and on the assumption that the balance of the proceeds of the issue will be invested at 12 per cent. per annum.

The Directors are unable to project the income which might accrue from any further acquisition.

The projections are given for illustrative purposes only and should on no account be taken as a forecast.

	Notes		*Years ending 31st December* 1981		1982
Production of gas (in millions of cubic feet)			611		626
Average price per thousand cubic feet			$2.034		$2.327
INCOME			$000		$000
Sales of gas			1,243		1,458
Production taxes		(87)		(102)	
Operating costs		(26)		(34)	
			(113)		(136)
Net revenue as shown in the Keplinger appraisal ..			1,130		1,322
Devon's remuneration	2	(38)		(48)	
Depletion and depreciation	3	(469)		(513)	
Overhead recovery for Devon	4	(45)		(50)	
Operating interest receivable	5	43		55	
			(509)		(556)
Net income from Devon-Blanco			621		766
Interest on balance of proceeds of issue	6		1,003		1,237
Income before general overheads			1,624		2,003
General overheads	7		(280)		(308)
			1,344		1,695
Taxes	8		(15)		(15)
Net Income			1,329		1,680
CASH FLOW					
Net income as above			1,329		1,680
Depletion and depreciation			469		513
			1,798		2,193
Capital expenditure	9		(331)		(313)
Cash flow subject to distribution			1,467		1,880

Notes:—

1. Drilling costs, both tangible and intangible, are treated as capital.
2. Devon's remuneration has been calculated at 5 per cent. per annum of Devon-Blanco's net cash flow being net revenue ($1,130,000 in 1981) after capital expenditure ($331,000 in 1981) and Devon's overhead recovery ($45,000 in 1981) in accordance with the limited partnership agreement summarised in Appendix II.
3. Depletion and depreciation has been calculated on the cost of the Company's interest, including estimated related expenses, of $11,206,000 and on projected capital expenditure after 1st January, 1981. The calculation has been based on the unit of production method under which the unamortised cost is written off in the proportion that the annual gas production bears to the estimated total reserves.
4. Overhead recovery for Devon is estimated at $45,000 in 1981, as set out in the limited partnership agreement, and $50,000 in 1982.
5. The Company will place its receipts on deposit pending distribution. It is assumed that such deposits will be invested at 12 per cent. per annum to earn $43,000 in 1981 and $55,000 in 1982.
6. It is assumed that the balance of the funds available to the Company, estimated to amount to $10,170,000, will be invested at 12 per cent. per annum pending decisions as to further acquisitions.
7. General overheads, which include Directors' remuneration, are estimated at $280,000 in 1981 and $308,000 in 1982.
8. The Company and each of its subsidiaries may be liable to tax in their countries of incorporation. The structure of the group has been so arranged to make use of the reliefs, allowances and double taxation agreements under the legislation and regulations currently in force in each country.
9. It is assumed that capital expenditure will be incurred as stated in the Keplinger appraisal.

Appendix VI Statutory and General Information

1. Share Capital

The Company was registered with no. 9424 on 8th January, 1981 in Guernsey under the Companies (Guernsey) Laws 1908 to 1973 with an authorised share capital of $550,000 comprising 55,000,000 Ordinary shares of 1 cent each, of which 7 were issued at par to the subscribers to the Memorandum of Association as nominees for Guinness Mahon. Since then the following changes have occurred:—

(i) By Ordinary Resolutions passed on 12th January, 1981, the authorised share capital of the Company was increased to $1,100,000 by the creation of a further 55,000,000 Ordinary shares of 1 cent each ranking *pari passu* with the existing Ordinary shares, and every two Ordinary shares of 1 cent each in the capital of the Company were, subject to the issue described in (ii) below, consolidated into one Ordinary share of 2 cents.

(ii) On 16th January, 1981 a further Ordinary share of 1 cent was issued to each of the seven subscribers of the Memorandum of Association for 99 cents and, after such issue and the consolidation effected by Ordinary Resolution, each such subscriber held 1 Ordinary share of 2 cents for which the aggregate sum of $1 had been paid.

(iii) On 21st January, 1981 228,123 fully paid shares of 2 cents each were issued to Guinness Mahon for cash at $1 per share.

(iv) On 26th January, 1981 10,300,870 fully paid shares of 2 cents each were allotted to Guinness Mahon for cash at $1 per share.

(v) Pursuant to the Agreement dated 26th January, 1981 referred to in paragraph 7 (iii) below, 10,471,000 fully paid shares of 2 cents each were allotted to Guinness Mahon for subscription in cash at $1 per share and 21,000,000 partly paid shares of 2 cents each, 10 cents paid (being 1 cent of nominal amount and 9 cents of issue premium) with 90 cents (being the balance of the issue price) subject to call, were allotted to Guinness Mahon for subscription in cash at 10 cents per share.

Accordingly, immediately following this Offer for Sale, the authorised share capital of the Company will be $1,100,000 divided into 55,000,000 Ordinary shares of 2 cents each of which 21,000,000 will have been issued or allotted as fully paid shares and 21,000,000 will have been allotted as partly paid shares.

2. Issue Arrangements

Under the Agreement dated 26th January, 1981 referred to in paragraph 7(iii) below, Guinness Mahon has *agreed, subject to the share capital of the Company being admitted to the Official List, to offer for sale*, on the terms of this Offer for Sale, 8,429,000 of the 10,300,870 fully paid shares mentioned in paragraph 1(iv) above, all the 10,471,000 fully paid shares mentioned in paragraph 1(v) above and 18,900,000 of the 21,000,000 partly paid shares mentioned in paragraph 1(v) above. The 8,429,000 fully paid shares are being offered for sale by Guinness Mahon for its own account and with no obligation in respect thereof to account to the Company for the proceeds of sale. 2,100,000 fully paid shares and 2,100,000 partly paid shares are being retained by Guinness Mahon for its own account.

Under this Agreement Guinness Mahon is to receive a fee from the Company of $924,000 (exclusive of value added tax if any) out of which Guinness Mahon will pay the sum of $462,000 mentioned below.

James Capel & Co., as agent of Guinness Mahon, has made arrangements, to which the Company is not a party, for sub-underwriting the sale of 5,250,000 fully paid shares and 5,250,000 *partly paid shares (being those* Ordinary shares in respect of which indications of firm applications have not been received). Guinness Mahon will pay to James Capel & Co. the sum of $462,000. Sub-underwriting commission will be paid by Guinness Mahon and James Capel & Co.

In respect of the acquisition of the Company's interest in Northeast Blanco, the Company will pay a corporate finance fee of $125,000 each to Guinness Mahon and James Capel & Co.

3. Auditors' Report

The following is a copy of a letter from Peat, Marwick, Mitchell & Co., Chartered Accountants, Guernsey, the auditors of the Company.

10 Lefebvre Street,
St. Peter Port,
Guernsey,
Channel Islands.

The Directors,
Oil and Gas Production Limited.

29th January, 1981

Dear Sirs,

Your company was registered under the laws of Guernsey on 8th January, 1981. The under-mentioned companies, which are now wholly-owned subsidiaries of your company, were formed on the following dates:

Name	*Date of incorporation*	*Country of incorporation*
OGP (Netherlands Antilles) N.V.	12th December, 1980	Netherlands Antilles
OGP (Netherlands) N.V.	15th January, 1981	Netherlands
OGP (Delaware) Inc.	8th December, 1980	U.S.A.

With the exception of the acquisition in January 1981 by OGP (Delaware) Inc. of an interest as a limited partner in Devon-Blanco, Ltd. (an Oklahoma, U.S.A., limited partnership) and of the investments made by Oil and Gas Production Limited in the above-mentioned subsidiaries to enable such acquisition to be concluded, none of the above companies has traded, no accounts have been prepared and no dividends have been paid.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

4. Articles of Association

The Articles of Association of the Company contain provisions *(inter alia)* to the following effect:—

(i) Votes of Members

(a) Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member, who (being an individual) is present in person or (being a corporation) is present by a representative or by proxy, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

(b) Unless the Board otherwise determines, no member shall be entitled to attend or vote at any General Meeting, either in person or by proxy, or be reckoned in a quorum or to exercise any other right or privilege as a member, if and so long as:

(i) he shall have defaulted in payment of any call or other sum for the time being due and payable on any share held by him, whether alone or jointly with any other person; or

(ii) there shall be a default in compliance with a notice served by the Company requiring disclosure of the beneficial ownership of any share of which he is the holder, or of any agreement or arrangement in relation to the control or exercise of his voting rights.

(c) The quorum for the conduct of business at any General Meeting of the Company is five members present in person who are the proprietors of at least one twentieth of the shares forming the capital of the Company. A corporation which is a member shall be deemed to be present in person for this purpose if represented by its duly authorised representative.

(d) At any General Meeting of the Company, a poll may be demanded to decide a resolution by (i) the Chairman of the meeting, or (ii) by at least five members present in person or by proxy and entitled to vote, or (iii) by any member or members present in person or by proxy and representing not less than one-fifth of the total voting rights of all members having the right to vote at the meeting.

(ii) Dividends and capitalisation of profits

All dividends shall be declared and paid according to the amount paid or credited as paid on the shares in *respect of* which the dividend is paid and for this purpose where any share has been issued or allotted at a premium over its nominal amount and the amount of such premium has not been paid in full, such share shall be considered as unpaid to the extent of both the nominal amount thereof (if any) which has not been paid and any of such issue premium which has not been paid.

Where the Directors are authorised and directed by Ordinary Resolution to appropriate any part of the profits of the Company resolved to be capitalised by such Ordinary Resolution to the members, such appropriation shall be made to those who would have been entitled thereto if such profits were distributed by way of dividend, and in the same proportions.

(iii) Winding Up

If the Company shall be wound up, the Liquidator shall call up all sums remaining unpaid on the shares (whether on account of the nominal amount of the shares or on account of premium) and if, after payment of all the Company's creditors and the expenses of winding up, there is a surplus of assets available for distribution among the members, such surplus shall be distributed in proportion to the nominal amounts of the shares. Notwithstanding the foregoing, the Liquidator may in his discretion elect not to call up the shares in full provided that, so far as the members are concerned, each member's entitlement (if any) in a winding up in respect of his shares is no different to that which it would have been had the Liquidator complied with the foregoing requirements.

(iv) Calls on shares and forfeiture

(a) The Directors may from time to time by resolution make calls upon the members in respect of all or any moneys (whether on account of nominal value or by way of premium) unpaid on their shares. Each member shall, subject to receiving at least 28 days' notice from the Company specifying the time or times and place of payment, pay to the Company at the time or times and place so specified the amount called upon his shares.

(b) The Directors shall not be required to accept any payment in advance of a call or, if they do so, to pay interest thereon.

(c) Any sum called in respect of a share which is not paid on or before the date for payment shall (unless the Directors otherwise determine) attract interest from that date until the time of actual payment at such rate (not exceeding 15 per cent. per annum) as the Directors may determine.

(d) In the case of joint holders, their liability to pay a call and interest thereon shall be joint and several.

(e) The Company shall have a first and paramount lien on every partly paid share for all moneys called in respect thereof.

(f) If a member fails to pay the amount of a call on the due date for payment, the Directors may at any time thereafter serve on him not less than 7 days' notice requiring payment thereof, together with accrued interest, on or before such seventh day and at such place as is specified in the notice which shall also state that in default the shares in question will be liable to be forfeited.

(g) If the requirements of the last mentioned notice are not complied with, the relevant shares may at any time thereafter, before payment has been made, be forfeited by resolution of the Board whereupon they may be sold, re-allotted or otherwise disposed of to such person and on such terms as the Directors think fit.

(h) A person whose shares have been forfeited shall cease to be a member in respect of those shares but shall notwithstanding the forfeiture remain liable to pay to the Company all moneys payable by him to the Company including interest.

(v) Transfer of Shares

(a) The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) shall be executed by or on behalf of the transferee and, in such case, shall also contain an undertaking by the transferee in favour of the Company to pay all calls. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

(b) The Board may, in its absolute discretion, refuse to register any subscriber of, or instrument of transfer of or which includes, shares which are not fully paid (whether as to nominal value or issue premium), but shall not be bound to specify the grounds upon which such registration is refused.

(vi) Disclosure of Interests

(a) The Company may by notice in writing require any member to indicate the capacity in which he holds any shares and if he holds them otherwise than as beneficial owner, to indicate the persons who have an interest in them, and may serve a like notice on any person indicated as having an interest in such shares.

(b) The Company may by notice in writing require any member to indicate whether any voting rights carried by any shares are the subject of an agreement or arrangement under which another person is entitled to control the exercise of those rights, and may serve a like notice on any such other person requesting details of any such agreement or arrangement.

(vii) Directors

(a) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office, and otherwise as the Directors may determine.

(b) No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, then at the first meeting of the Directors held after he becomes so interested.

A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm, and is to be regarded as interested in any contract which may thereafter be made with that company or firm, shall if such Director shall give the same at a meeting of the Directors (or shall take reasonable steps to secure that the same is brought up and read at the next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any contract so made.

(c) A Director's voting rights in respect of matters in which he is materially interested are restricted in *certain cases*, but the Company has power by Ordinary Resolution to suspend or relax such restrictions or to ratify any transaction not duly authorised by reason of a contravention thereof.

(d) Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

(e) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested or associated in business, and no such Director shall be accountable for any remuneration or other *benefits received by him as a director, managing director, manager or other officer or member of any* such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company.

(f) There shall be no age limit for Directors.

(g) The Directors may (by establishment or maintenance of schemes or otherwise) pay or procure the payment of pensions, annuities, allowances, gratuities or other benefits to or for the benefit of past or present directors or employees of the Company or any of its subsidiaries or any company associated with, or any business acquired by, any of them or to or for the benefit of persons who were related to or dependants of any such directors or employees.

(h) The Directors and other officers of the Company shall be indemnified out of its assets against all liability incurred by them as such in defending any proceedings, whether civil or criminal, in respect of alleged negligence, default, breach of duty or breach of trust, in which judgment is given in their favour, or in which they are acquitted.

(viii) Directors' Remuneration

The Directors shall be entitled to such remuneration as they may from time to time determine. Such remuneration shall be deemed to accrue from day to day. The Directors and any alternate Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company. The Directors may in addition to such remuneration grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company.

(ix) Borrowing Powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities. At all times after a prospectus offering shares in the Company for sale has been delivered to the Registrar of Companies in England and Wales for registration, the Board shall restrict the borrowings of the Company and exercise all rights exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiaries so far as by such exercise it can secure) that, save with the previous sanction of an ordinary resolution of the Company, no money shall be borrowed if the aggregate principal amount (including any premium payable on final repayment) outstanding of all moneys borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group) then exceeds or *would as a result of such borrowing exceed an amount equal to two and one half times the aggregate* of the amount paid up on the issued share capital of the Company and the amount standing to the credit of the consolidated capital and revenue reserves (including therein retained earnings and also including therein any unappropriated profits or as the case may be deducting therefrom any debit balance on consolidated profit and loss account) of the Group, as more particularly set out in the Articles.

5. Directors' and Other Interests

(i) The Directors, including their immediate families, will make firm applications for the numbers of shares in the Company set out against their names. These applications will be accepted in full.

Name	*Fully paid shares to be applied for*	*Partly paid shares to be applied for*
A. J. W. S. Leonard	5,000	5,000
R. W. Brittain	27,000†	27,000†
J. P. A. Chenevier	500	500
A. G. Down	450,000	450,000
R. A. R. Evans	50,000	50,000
F. C. Fleischer	1,000	1,000
P. L. Goldie	10,000	10,000
Baron M. von Schröder	5,000	5,000
S. Viig	5,000	5,000

†7,000 non-beneficially.

(ii) The aggregate emoluments payable to the Directors holding office in the period ending 31st December, 1981 are estimated to be $71,000.

(iii) No Director has, nor is it proposed that any Director will have, a service contract with the Company or any of its subsidiaries.

(iv) The promoters of the Company are Guinness Mahon and James Capel & Co. Save as disclosed herein no amount has been paid nor any benefit given, nor is it intended that any amount will be paid or benefit given, to Guinness Mahon or James Capel & Co.

(v) *P. L. Goldie who is a Director of the Company is also a Director of Guinness Mahon which will receive* fees for its services as mentioned herein.

(vi) A. G. Down who is a Director of the Company is also a partner of James Capel & Co. which will receive fees for its services as mentioned herein.

(vii) *R. A. R. Evans* who is a Director of the Company is employed by Carey, Langlois & Co. which will receive a fee for its services in connection with this Offer for Sale.

(viii) Save as disclosed herein, no Director of the Company has or had any interest in the promotion of the Company or in any assets which, within two years before the date of this Offer for Sale, have been, or are proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries. Save as disclosed herein, no contract *or arrangement subsists in which a Director of the Company is materially interested and which is significant in relation* to the business of the Company and its subsidiaries taken as a whole.

(ix) Immediately following this Offer for Sale it is expected that the undermentioned persons will hold 5 per cent. or more of the issued capital of the Company arising from allotment or from the acceptance of firm applications:—

	Fully paid shares: Number	*Percentage*	*Partly paid shares: Number*	*Percentage*
Guinness Mahon	2,100,000	10.0	2,100,000	10.0
Merchant Navy Officers Pension Fund Trustees Limited	2,100,000	10.0	2,100,000	10.0
T R Energy (Investments) Limited	1,050,000	5.0	1,050,000	5.0

(x) A subsidiary of Guinness Mahon is beneficially interested in 25,000 shares of $1 each (2.1 per cent.) in Devon which have been held since February 1978.

6. Group Structure

The Company has wholly owned subsidiaries in the Netherlands Antilles, the Netherlands and Delaware, U.S.A. OGP (Netherlands Antilles) N.V. has an authorised share capital of $65,000 in 6,500,000 shares of 1 cent each of which 3,180,000 have been issued fully paid at $1 per share and are beneficially owned by the Company. OGP (Netherlands) N.V. has an authorised share capital of 2,500,000 guilders in 2,500 shares of 1,000 guilders each, of which 600 have been issued fully paid at par and are beneficially owned by OGP (Netherlands Antilles) N.V. OGP (Delaware) Inc. has an authorised share capital of $1,000 in 1,000 shares of $1 each of which 488 have been issued fully paid for an aggregate consideration of $3,180,000 and are beneficially owned by OGP (Netherlands) N.V. In addition the Company has advanced $7,349,000 to OGP (Netherlands) N.V. which has on-lent this sum to OGP (Delaware) Inc.

Further equity subscriptions and loans may be made amongst the Company and its subsidiaries in order to finance any further capital contributions to Devon-Blanco required to be made as mentioned in paragraph 1(1) of Appendix II.

7. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company and its subsidiaries, and are or may be material:—

(i) a Limited Partnership Agreement dated as of 23rd January, 1981 between Devon and OGP (Delaware) Inc., together with an amendment dated 28th January, 1981, being the Limited Partnership Agreement referred to and described in paragraph 1 of Appendix II;

(ii) an Advisory Agreement dated 28th January, 1981 between Devon and the Company, being the Advisory Agreement referred to and described under the heading "Directors and Management" and in paragraph 2 of Appendix I;

(iii) an Offer for Sale Agreement dated 26th January, 1981 between Guinness Mahon and the Company, being the Agreement referred to in paragraph 2 above;

(iv) a loan agreement dated 26th January, 1981 between the Company and Guinness Mahon pursuant to which Guinness Mahon advanced to the Company the sum of $10,300,870, bearing interest at the London interbank offered rate, repayable on demand. The principal amount of this loan was repaid in full on 29th January, 1981 out of the proceeds of the subscription by Guinness Mahon of 10,300,870 fully paid shares of 2 cents each allotted to it as mentioned in paragraph 1(iv) above, and accrued interest on the loan is payable within one month from the date of its advance. In addition the Company will pay to Guinness Mahon the sum of $74,395 in lieu of interest at London interbank offered rate for the period from the date of repayment of the loan to 11th February, 1981, the date on which it is estimated that Guinness Mahon will receive the proceeds from the sale of its shares under the Offer for Sale;

(v) *by a letter dated 28th January, 1981* from the Company to Guinness Mahon, the Company appointed Guinness Mahon as its merchant bankers and consultants. Pursuant to this appointment, which was accepted by Guinness Mahon on 28th January, 1981, Guinness Mahon is to provide the Company, upon its request, with normal merchant banking and other banking related services, and advice in connection with possible acquisitions introduced to the Company by Devon under the Advisory Agreement referred to above. Guinness Mahon will be paid an annual retainer by the Company of $5,000 (subject to review) with additional fees to be agreed for any special services. The appointment may be terminated, without liability for compensation, at any time by the Company and on at least sixty days' notice by Guinness Mahon;

APPOINTMENTS

Senior Midland Bank post

Mr. K. B. Cox is now a senior general manager of MIDLAND BANK and is to take over responsibility for group treasury. Mr. M. T. J. Wallis will assume Mr. Cox's previous responsibilities as a general manager, corporate finance division.

★

Mr. David Gordon is to become managing director of the ECONOMIST NEWSPAPER in place of Mr. Ian Trafford, who is to retire from that position at the end of March.

★

Mr. Dennis M. Goggin, vice president, has been appointed institutional manager—UK, Eire and Bermuda for the CHASE MANHATTAN BANK.

★

Mr. Jeffrey Rose has been appointed chairman of the ROYAL AUTOMOBILE CLUB and of its holding company, Automobile Proprietary, in succession to Sir Carl Aarvold, who has retired.

★

Mr. D. A. Brooks and Mr. H. N. Khan have joined the Board of Dundonian.

★

Mr. A. M. Clapperton and Mr. R. L. John have been appointed assistant directors of COUNTY BANK.

★

Mr. D. E. Martin has been appointed a director of KIRKLAND-WHITTAKER and Mr. R. J. Wilkinson has become an associate director.

★

Mr. R. F. Mabbott has retired from MINET HOLDINGS but has agreed to continue to act on behalf of the Board in connection with certain corporate matters. Mr. Ian Fox has become a director of MINET INTERNATIONAL and remains regional director for Africa. Mr. Vinod Desai has been appointed financial director and company secretary of that concern.

★

Mr. Michael Wilkins has become associated with T. C. COOMBS AND COMPANY, member of The Stock Exchange, and has been appointed general manager—UK and international settlements.

★

BUNZL PULP AND PAPER has made the following appointments to Group company Boards: Mr. T. G. Nelms, Bunzl Adhesive Materials (Ireland); Mr. D. Scullion, Rolex Paper Company; and Mr. R. A. Bradbury, Coated Specialities.

★

Mr. Robert Marsh has been appointed a manager of ATLANTIC INTERNATIONAL BANK.

★

Mr. David E. P. Owen has been appointed managing director of NORTHERN RUBBER, a member of the Pegler Hattersley Group. He succeeds Mr. H. Lievesley who remains chairman of Northern Rubber but becomes managing director of the Group's industrial division.

★

Mr. R. G. E. Mitchell has been appointed managing director of EVENING POST-ECHO, part of Thomson Regional Newspapers.

★

Mr. R. Charles White has joined FATA LTD. as managing director. Prior to joining FATA, Mr. White was managing director of two divisions of Vickers. FATA Ltd. is a member of the FATA European Group, part of Babcock International.

★

Mr. Peter J. Hoskins has been appointed a director of MOBIL OIL with responsibility for planning and supply.

★

Mr. Jan Ericson has been appointed international marine co-ordinator for BURMAH-CASTROL. He succeeds Mr. Gordon Deegan, who has been appointed director and general manager of Castrol Hong Kong.

★

STEPHEN ROSE AND PARTNERS has made the following appointments: Mr. Stephen Rose, chairman and managing director; Mr. David Lloyd-Price, deputy chairman; Mr. Andrew Murison and Mr. Michael Wellesley-Wesley partners.

★

Mr. Philip Robinson and Mr. James Robinson have been appointed to the main Board of ROBINSON AND SONS, relinquishing their directorships of subsidiaries Pressure Sealed Plastics and Robinson-Eirecot. Mr. James Robinson also leaves the Boards of Spire Transport and Spire Garage. Upon retirement, Mr. G. W. Wallis remains on the main Board as a non-executive director, continuing as chairman of Spire Transport and Spire Garage and with his responsibilities for internal transport. He resigns from the Board of I. E. White (Plastics). Newcomers to Boards of subsidiary companies: Pressure Sealed Plastics—Mr. H. A. Bateman and Mr. R. Buxton; Robinson-Eirecot—Mr. J. E. Valentine, Mr. J. D. Fletcher and Mr. C. B. Weatherall; I. E. White (Plastics)—Mr. Philip Robinson as chairman; J. J. Blow—Mr. James Robinson and Mr. G. W. J. Tunbridge; Spire Transport and Spire Garage—Mr. J. W. Poulter, Mr. T. Swan and Mr. C. R. Williams.

★

WILLIAM JACKS AND COMPANY has appointed Mr. Michael Brown, Mr. J. J. Gaskin and Mr. H. D. Duemke directors. Mr. H. Kaiser has resigned from the Board.

★

GLOBE INVESTMENT TRUST, the principal Electra House Company, announces the intention to form, as from April 1, a new management services company, to be called Globe Management, within which will be merged all the present activities of Electra Group Services and Tyndall Group. The chairman of the new company will be Mr. G. J. Ellerton and the directors will be Mr. C. H. Black, Mr. J. P. Craze, Mr. B. R. Pepperall and Mr. M. C. Stoddart.

★

Mr. Stafford Dunn will be appointed to the Board of DUFFIN CONTAINERS on February 1. He will be resident director-in-charge of the Decorprint division.

★

Mr. Ken Holden, financial director of MICROWAVE SYSTEMS has been appointed deputy chairman. The company is a subsidiary of MSL Calibration Centre.

★

Mr. Robert Hunt has been appointed director, semiconductor memories for ITT SEMICONDUCTORS, UK, and continues as plant manager, Foots Cray.

★

Mr. T. E. Nailon has been appointed to the new position of director and general manager of STAFFA PRODUCTS, a subsidiary of Brown and Sharpe Group.

★

Mr. M. M. Murphy has been appointed a director of STEWART WRIGHTSON (OVERSEAS HOLDINGS).

★

Lord Wallace of Campsie has been appointed life president of WALLACE CAMERON (HOLDINGS), a subsidiary of Smith and Nephew Associated Companies.

★

Mr. Arthur F. Leeks has been appointed to the board of TYSER HOLDINGS, with responsibility for finance.

★

Mr. Adrian Fleetwood, managing director of the domestic appliance division, has been appointed a director of CARRON COMPANY. Mr. Ray A. Hannah has become marketing director and Mr. Carl S. Carlson, general sales manager of that division.

★

Three senior appointments have been made by LONDON TRANSPORT. Mr. Clive W. Hardie becomes director of mechanical engineering (railways), in succession to Mr. Stanley F. Smith, who is to retire; Mr. John T. Cope, chief industrial relations officer, joins the Rail Board as personnel director (railways) in place of Mr. Hardie; and Mr. James A. Neale, manpower supply and development officer, is now group personnel director with responsibility for central personnel activities and for external representation of London Transport's manpower interests.

★

Mr. James Barclay has become chairman of CATER RYDER AND CO. Mr. E. D. D. Ryder has resigned as chairman and a managing director on medical advice, but remains on the board.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETING—
Avon Rubber, Melksham House, Market Place, Melksham, Wiltshire, 2.30

BOARD MEETINGS—
Interims:
Hillards
Regional Props.
Sommerville (William)
Vibroplant

DIVIDEND & INTEREST PAYMENTS—
Allied London Properties 10pcPf. 5pc
Anderson Strathclyde 1p
Arlen Electrical 1.5p
Associated Leisure 1.8p
Atlantic Assets Tst. 5pcPf. 1.75pc
Aurora 8pcPf. 4pc. 8.25pcPf. 4.125pc
Avon Rubber 1p
Beecham 3.096p
Border and Southern Stockholders 5pcPf. 1.75pc
Graig Grp. 5pcPf. 1.75pc
Braswav 1p
Bristol Evening Post 3.25p
Citicorp Com. 35.5cts
Continental Illinois Corp. 45cts
Cooper (Frederick) 1p
Crystalate 8pcPf. 2.8pc
Dubilier 0.7462p
Edinburgh American Assets Tst. 4½pcPf. 1.575pc
Elswick-Hopper 0.5175p
Ferranti 2.5p
First Scottish American Tst. 3½pcPf. 1.75pc. Ln. 2.5pc
Howard Tenens Services 0.75p
Huntingdon and Peterborough County 9½pc 1981-83 4¾pc
Imperial Chemical Inds. 5pcPf. 1.75pc
Industrial and Gen. Tst. Db. 2½pc
Johnson Matthey 3p
Libanon Gold Mining 73.29407p
May and Hassell 1.3p
Mercantile Inv. Tst. 4pcPf. 1.4pc. 5pcPf. 1.75pc
Monks Inv. Tst. 1.1p
NCC Energy 0.4p
Pitman 10pcPf. 5pc
Quebec Central Railway Db. 2pc
Redland 2.67p
Samuel (H.) Ord. and A 1.5p
Scottish Agricultural Secs. Corp. 14pcDb. 1993 7pc
Shaw Carpets 0.5p
Shell Transport and Trading 7pcPf. 2.45pc
Tiger Oats and National Milling Pf. 2½pc
Utd. Gas 10pcPf. 3.5pc
Venterspost Gold Mining 56.36005p
Vlakfontein Gold Mining 22.35202p
Watson (R. Kelvin) 1.3p
West Driefontein Gold Mining 281.90026p
Whitecroft 1.25p. 4.1pcPf. 2.05pc
Witan Inv. 1.6p. 2.7pcPf. 1.35pc

TOMORROW

COMPANY MEETINGS—
ICL, Plaisterers Hall, 1, London Wall, EC, 12.00
Management Agency and Music, The Hendon Hall Hotel, Ashley Lane, NW, 12.00

BOARD MEETINGS—
Finals:
English and New York Tst.
Prestige
UC Invs.
Interims:
Cowan de Groot
Steinberg
Unitech

DIVIDEND & INTEREST PAYMENTS—
C. A. Cavendes, Sociedad Financiera Fltg. Rate Deposits finally due 1986 US$39.29
Continental and Industrial Tst. 3.5p
Deelkraal Gold Mining 2.81900p
Doornfontein Gold Mining 76.11307p
East Driefontein Gold Mining 124.03611p
Kloof Gold Mining 90.20808p
Northampton Var. Rate 1983 £7.8750
Trustees Corp. 1.1p

WEDNESDAY, FEBRUARY 4

COMPANY MEETINGS—
Elson and Robbins, The Post House, Bostocks Lane, Sandiacre, Nottingham, 10.00
Fairline Boats, The Great Northern Hotel, Peterborough, 3.00
Keystone Inv., 30, Gresham Street, EC, 2.30

BOARD MEETINGS—
Final:
Sterling Tst.
Interims:
Amalgamated Tin Mines of Nigeria
Benn Bros.

DIVIDEND & INTEREST PAYMENTS—
Banco De Bogota Finance Gtd. Fltg. Rate Notes due 1985 US$53.35
Elson and Robbins 3.491p
Exchequer 9½pc 1981 4¾pc
Fairline Boats 1.8p
Pegler-Hattersley 4p
Sotheby Parke Bernet Grp. 9p
Williams (John) of Cardiff 1.75p

THURSDAY, FEBRUARY 5

COMPANY MEETINGS—
Akroyd and Smithers, Austin Friars House, 2-6 Austin Friars, EC, 12.30
Brockhouse, Victoria Works, Hill Top, West Bromwich, 3.00
Guinness (Arthur), Park Royal Brewery, NW, 2.45
Sperati (C. A.), 54, Westcombe Hill, SE, 11.30
Trans-Oceanic Tst., 120, Cheapside, EC, 12.15

BOARD MEETINGS—
Finals:
Aaronson Bros.
Blundell-Permoglaze
Lonrho

DIVIDEND & INTEREST PAYMENTS—
Bass 6.3p
Blyvooruitzicht Gold Mining 90.31985p
British Inv. Tst. Db. 2pc
Buffelsfontein Gold Mining 310cts
Crystalate 1.54p
East Rand Proprietary Mines 110.07732p
Haslemere Estates 1.44p
Jacksons Bourne End 2p
Keystone Inv. 7.25p
Owen and Robinson A and B 6p
Plysu 0.6786p
Scotcros Ln. 3pc
Scottish Northern Inv. Tst. 4½pcPf. 1.5625pc
Sperati (C. A.) 10p
Stilfontein Gold Mining 300cts
West Rand Cons. Mines 10cts

FRIDAY, FEBRUARY 6

COMPANY MEETING—
Eldridge Pope, Dorchester Brewery, Dorchester, Dorset, 12.15

BOARD MEETINGS—
Finals:
British American and General Tst.
Glasgow Stockholders Tst.
Interims:
Armour Tst.
Second Alliance Tst.
Stoddard

DIVIDEND & INTEREST PAYMENTS—
A.D. Intnl. Ln. 4½pc
Akroyd and Smithers 23p
Anglo American Corp. of South Africa Pfd. 3pc
Baker-Perkins 2.1p
Bell and Sime 1.75p
British American and Gen. Tst. Ln. 2pc
Brown (Matthew) 4.435p
Caledonian Assoc. Cinemas 2p
Causton (Sir Joseph) 1.2275p
Comet Radiovision Services 2.45667p
Dixon (David) 2.22p
Durban Roodepoort Deep 169.34973p
English and New York Tst. Ln. 2¼pc
Grootvlei Proprietary Mines 62.22861p
Hanson Tst. 4.75p
Hapoalim Intnl. NV Gtd. Fltg. Rate Notes 1983 US$562.22
Holyrood Rubber 15p
Hongkong (Selangor) Rubber 12p
Imperial Chemical Inds. Ln. 5¼pc
Intnl. Distillers and Vintners Ln. 4¼pc
Intnl. Paint 0.96p
Kuala Selangor Rubber 4.5p
London Merchant Securities 0.36p
Marievale Cons. Mines 65cts
Middle Witwatersrand (Western Areas) 6.709777p
New Throgmorton Tst. Ln. 3½pc
Norton and Wright 0.5p
Phoenix Timber 1p
Richards 1.15p
Russell Bros. (Paddington) 1.25p
Tex Abrasives 0.75p
Utd. British Securities Tst. 3p
Webster (Samuel) Db. 3½pc
Whitbread Db. 3¾pc
Zandpan Gold Mining 46.968439p

SATURDAY, FEBRUARY 7

DIVIDEND & INTEREST PAYMENTS—
Citicorp Overseas Finance Corp. Gtd. Fltg. Rate Notes due 1983 US$451.84
EMI Ln. 4¾pc
Hinton (Amos) Ln. 3½pc
Maple Ln. 5¼pc
Paterson (R.) 0.625p
Southern Rhodesia Govt. 4½pc 1987-92 (Unassented) £2.72. 4½pc 1987-92 (Assented) £2.72

SUNDAY, FEBRUARY 8

DIVIDEND & INTEREST PAYMENTS—
Reed Intnl. Db. 3½pc. Db. 5pc

This week's business in Parliament

TODAY

Commons: Second reading of the Education Bill and of the Insurance Companies Bill.

Lords: Wildlife and Countryside Bill, committee stage. Debate on the report of the European Communities Committee on education in the Community.

Select Committees: Home Affairs. Subject: Administration of the Prison Department. Witnesses: Magistrates Association. (Room 8, 4.30 pm.) Public Accounts. Subject: Control of Army load-carrying vehicles; Defence Cash Limits and Excess Votes. Witness: Sir Frank Cooper, Permanent Under Secretary. (Room 16, 5.30 pm.)

TOMORROW

Commons: Debate on Opposition motion on poverty. Motions on Northern Ireland orders. Ways and Means money resolutions relating to gas levy.

Lords: Motion to refer London Dockland Development Corporation (Area and Constitution) Order to a Select Committee. Judicial Pensions Bill, committee stage. Bill of Rights Bill, third reading. Wildlife and Countryside Bill, committee stage.

Select Committee: Procedure (Supply). Subject: Supply Procedure (control over expenditure). Witness: Mr. D. A. Bradshaw, Clerk Assistant, House of Commons. (Room 15, 4.15 pm.)

WEDNESDAY

Commons: Industry Bill, remaining stages.

Lords: Debate on motion calling attention to the constant Government criticism of the public sector. Criminal Justice (Amendment) Bill, third reading.

Select Committees: Education, Science and Arts. Subject: Private and public funding of the arts. Witnesses: Mr. Paul Channon, Minister for the Arts. (Room 6, 10.30 am.) Welsh Affairs. Subject: Broadcasting in the Welsh language and the implications for Welsh and non-Welsh speaking viewers and listeners. Witnesses: Association of Welsh Broadcasters, Independent Broadcasting Authority Welsh Advisory Committee. (Room 21, 10.30 am and 4.50 pm.) Industry and Trade. Subject: Continuing costs of Concorde. Witness: Mr. Norman Tebbit, Under Secretary for Industry. (Room 16, 10.45 am.) Social Services. Subject: Medical Education. Witnesses: British Post-Graduate Medical Federation. (Room 16, 4.30 pm.) Employment. Subject: Training, mobility and unemployment. Witnesses: CBI and TUC. (Room 8, 4.30 pm.)

THURSDAY

Commons: Debate on the economic situation.

Lords: Energy Conservation Bill, report stage. Deep Sea Mining (Temporary Provisions) Bill, committee stage. Town and Country Planning (Minerals) Bill, committee stage.

FRIDAY

Commons: Private Members' Bills.

CONTRACTS

AWS Delta to build Nigg Bay treatment plant

AWS DELTA has been awarded a contract by Wimpey-Highlands Fabricators, acting as agents for the British National Oil Corporation, to construct an effluent treatment plant for the Nigg Bay Terminal. The plant is designed to treat 722 cubic metres/hour of ballast water, desalter effluent and site drainage, containing about 1,750 mg/litre of oil to give an effluent containing less than 5 mg/l total oil. This renders the effluent suitable for discharge into the Cromarty Firth with no danger to the marine fauna. The contract is worth over £1m.

★

N. G. BAILEY SHEFFIELD, a member of the N. G. Bailey Organisation, has been awarded a £250,000 power and lighting contract for the new canning factory extension of Batchelors Foods in Worksop.

★

Contracts worth over £1m have been won by BRAN AND LUEBBE (GB), Northampton. Largest of the five contracts is for methanol injection pumps and water and crude treatment systems for Mobil's Statfjord "C" gas/oil production platform, in the Norwegian sector of the North Sea, worth £500,000.

★

Shell International has ordered a business communications system from NEVE ELECTRONICS INTERNATIONAL which allows various groups of people to join in a group discussion just as if they were all present at a single meeting.

★

DANIEL INDUSTRIES LARBERT has an order for a crude oil metering and proving system for the Conoco Hutton production platform in the North Sea. The contract, worth over £750,000, was awarded by Conoco (UK).

★

HUMPHREYS AND GLASGOW SERVICES has been awarded a £300,000 contract by the Orbit/Collingham Gardens (ES) Housing Society for the conversion of two houses into 17 flats.

★

A contract worth about £888,000 for the supply of 43 buses for the London Metropolitan Police has been won by LEX VEHICLE ENGINEERING.

(vi) by a letter dated 13th January, 1981 from Keplinger and Associates Inc. to the Company, the terms of which were agreed by the Company as of 13th January, 1981, the Company agreed to indemnify Keplinger and Associates Inc. and its directors, officers and employees in respect of any liabilities and expenses incurred by any of them as a result of any prospectus, financial statement, press release or other similar document of or provided by the Company being, or being alleged to be, untrue or incomplete in any material respect except to the extent that a court shall have found that information on the basis of which Keplinger and Associates Inc. expressed opinions to the Company was complete and accurate in all material respects and that the conclusions expressed in such opinions had no reasonable basis in fact;

(vii) by a letter dated 19th January, 1981 from the Company to DeGolyer and MacNaughton, the Company agreed to indemnify DeGolyer and MacNaughton, its officers, directors and controllers in respect of any liability and expenses incurred by any of them as a result of any information or documents supplied by the Company being, or being alleged to be, untrue or materially incomplete, except to the extent that such liability and expenses arise out of the wilful misconduct or ordinary or gross negligence of any of them.

8. **General**

(i) Save as disclosed in this Offer for Sale:—

(a) no share or loan capital of the Company or of any of its subsidiaries has been issued within the two years immediately preceding the date of this Offer for Sale or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the said two years in connection with the issue or sale of any share or loan capital of such companies; and

(c) no capital of the Company or of any of any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(ii) No material issue of shares in the Company (other than consequent upon an offer to shareholders pro rata to their existing shareholdings) will be made within one year of the date of this Offer for Sale without prior approval of the Company in general meeting.

(iii) Following this Offer for Sale, 13,000,000 Ordinary shares of 2 cents each in the Company (23.6 per cent. of the authorised share capital) will remain unissued but no issue of such shares which would effectively alter the control of the Company or the nature of its business will be made without prior approval of the Company in general meeting.

(iv) The Company and its subsidiaries are not engaged in any material litigation and, so far as the Directors are aware, have no litigation or claim of material importance pending or threatened against them.

(v) Having regard to the Offer for Sale Agreement referred to in paragraph 7 (iii) above the minimum amount which in the opinion of the Directors of the Company must be raised by this Offer for Sale for the purposes mentioned in the sub-paragraphs of paragraph 4 (a) of Part I of the Fourth Schedule to the Companies Act 1948 is nil.

(vi) The Directors are satisfied that following the Offer for Sale the Company and its subsidiaries will have sufficient working capital for their present requirements.

(vii) The Company will have no employees in the immediate future.

(viii) Secretarial and administrative services for the Company are provided by Bayeux Trustees Limited, a wholly-owned subsidiary of Guinness Mahon.

(ix) The Company has not established a place of business in Great Britain.

(x) The costs, charges and expenses of and incidental to this Offer for Sale are estimated to be: legal fees $196,000; accountancy fees $10,000; printing and advertising costs $215,000; sub-underwriting and placing commission $462,000; management and corporate finance fee $462,000; miscellaneous expenses $26,000. All these items (which are exclusive of value added tax, if any) are payable by the Company.

(xi) The preliminary expenses of the Company and its subsidiaries are estimated to amount to $185,000 (exclusive of value added tax, if any) and are payable by the Company.

(xii) It is intended that the Company's audited accounts should be drawn up in dollars to 31st December in each year. Annual General Meetings of the Company will be held in Guernsey.

(xiii) Keplinger and Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consents to the publication of this Offer for Sale with a copy of their appraisal and reports respectively included herein in the form and context in which they are included.

(xiv) The documents attached to this Offer for Sale delivered to the Registrar of Companies for registration were the written consents mentioned in paragraph 8 (xiii) above and copies of the material contracts listed in paragraph 7 above.

9. **Documents Available for Inspection**

Copies of the following documents may be inspected at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH, during usual business hours on any weekday, Saturdays excepted, for a period of fourteen days following the date of this Offer for Sale:—

(i) the Memorandum and Articles of Association of the Company;
(ii) the Companies (Guernsey) Laws 1908 to 1973;
(iii) the documents delivered to the Registrar of Companies mentioned in paragraph 8 (xiv) above; and
(iv) the appraisal by Keplinger and the reports by Peat, Marwick, Mitchell & Co. reproduced in this Offer for Sale.

Dated 29th January, 1981

Procedure for Application

Applications for the Ordinary shares should be made on the appropriate Application Form accompanying this document and forwarded to Lloyds Bank Limited, Registrar's Department (Issue Section), 111 Old Broad Street, London EC2N 1AU with a remittance for the full amount payable on application, so as to arrive not later than 10 a.m. on Thursday, 5th February, 1981. Applications in respect of both the fully paid and partly paid shares must be for a minimum of 500 shares and in multiples of 500 shares up to 10,000 shares and thereafter in multiples of 1,000.

Each Application Form should be accompanied by a separate cheque in favour of "Lloyds Bank Limited" drawn in dollars or sterling on a bank or branch thereof in the United Kingdom for the full amount payable on application and crossed "not negotiable". Separate Application Forms should be used for each currency.

The right is reserved to reject any application or to accept any application in part only and in particular to reject multiple or suspected multiple applications.

If any application is not accepted the amount paid on application will be returned to the applicant in full by cheque in the currency of application through the post at the applicant's risk. If the number of Ordinary shares allotted is less than the number applied for the balance of the application moneys will be returned by cheque in the currency of application through the post at the applicant's risk.

The right is reserved to present all cheques for payment on receipt and to withhold renounceable letters of acceptance and any excess application moneys pending clearance of applicants' cheques. Due completion and delivery of the relevant Application Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation and attention is drawn to the declaration in the Application Form to that effect. Any application which does not fulfil the conditions stated in the Application Form may be rejected.

Renounceable Letters of Acceptance will be sent to successful applicants by not later than Wednesday, 11th February, 1981 and the last day for registration of renunciation will be Wednesday, 13th May, 1981.

Share certificates will be posted not later than Friday, 12th June, 1981. All cheques, certificates and other documents will be despatched by post at the risk of the persons entitled thereto.

Copies of this Offer for Sale together with Application Forms may be obtained from:—

James Capel & Co.,
Winchester House,
100 Old Broad Street,
London EC2N 1BQ

Guinness Mahon & Co. Limited,
32 St. Mary at Hill,
London EC3P 3AJ

Note: The Ordinary shares have not been, and will not be, registered under the United States Securities Act of 1933. Accordingly the Ordinary shares are not being offered and may not be offered or sold directly or indirectly in the United States of America, its territories or possessions or to U.S. persons. A "U.S. person" shall mean any national or resident of the United States of America (including the estate of any such person and any partnership, corporation or other entity formed or organised under the laws of the United States of America or any political sub-division thereof). No application will be accepted from any person who is unable to make the declaration incorporated on the Application Form or who gives an address in the United States of America, its territories or possessions. In addition, the lodging of any renounceable letter of acceptance for registration of renunciation shall constitute a declaration and warranty by the person requesting registration that such person is not a U.S. person (as defined above) and that such person will not hold or acquire any of the shares specified in the letter of acceptance for the account of a U.S. person or with a view to the offer or sale of any such shares to U.S. persons or in the United States of America, its territories or possessions. Persons requesting registration may not give an address in the United States of America, its territories or possessions.

APPLICATION FORM FOR FULLY PAID SHARES

THE APPLICATION LIST FOR THE 18,900,000 FULLY PAID ORDINARY SHARES NOW OFFERED FOR SALE WILL OPEN AT 10 a.m. ON THURSDAY, 5th FEBRUARY, 1981 AND MAY BE CLOSED AT ANY TIME THEREAFTER.

This Form, duly completed together with a cheque (drawn on a bank or branch thereof in the United Kingdom) made payable to "Lloyds Bank Limited" and crossed "Not Negotiable", for the full amount of the application price of $1 per share or 42p per share for each share applied for should be lodged with Lloyds Bank Limited, Registrar's Department (Issue Section), 111 Old Broad Street, London EC2N 1AU. A separate cheque should accompany each application. Unless these conditions are fulfilled applications may be rejected. Applications may be made in sterling or in dollars. Separate Application Forms should be used for each currency.

OIL AND GAS PRODUCTION LIMITED

(Incorporated with limited liability in Guernsey, Channel Islands)

Offer for Sale

by **Guinness Mahon & Co. Limited** of

18,900,000 ORDINARY SHARES of 2 cents each at $1 per share or at 42p per share payable in full on application to satisfy in full an issue price of $1 per share.

	Number of fully paid shares applied for★	Amount of cheque enclosed★★
For sterling applications →		£
For dollar applications →		$

★Applications may only be made for a minimum of 500 shares and in multiples of 500 shares up to 10,000 shares and thereafter in multiples of 1,000 shares.

★★Amounts payable as stated below.

To: GUINNESS MAHON & CO. LIMITED.

Gentlemen,

I/We enclose a cheque for the above-mentioned sum, being the amount of $1 or 42p per fully paid share payable on application for the number stated above of fully paid shares of 2 cents each of Oil and Gas Production Limited. I/We offer to purchase that number of such shares on the terms of your Offer for Sale dated 29th January, 1981, and subject to the Memorandum and Articles of Association of Oil and Gas Production Limited, and I/we hereby undertake and agree to accept the same or any smaller number in respect of which this application may be accepted. I/We hereby authorise you to send a renounceable Letter of Acceptance in respect of the said shares, and a cheque for any moneys returnable, by post at my/our risk to the address given in the box below. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Members of Oil and Gas Production Limited as holder(s) of such of the said shares the right to which is not effectively renounced.

I/We hereby declare that I am/we are not a US person (as defined under "Procedure for Application" in the Offer for Sale) and will not hold or acquire any of the fully paid shares referred to herein for the account of a US person or with a view to the offer or sale of any fully paid shares to US persons or in the United States of America, its territories or possessions.

I/We warrant that due completion and delivery of this Application Form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation.

I/We acknowledge that renounceable Letters of Acceptance and cheques for excess application moneys are liable to be held pending clearance of applicants' cheques.

PLEASE PIN YOUR CHEQUE HERE — Signature — Dated — 1981

PLEASE USE BLOCK CAPITALS

— Surname and Designation (Mr., Mrs., Miss or Title)

— Christian or Forename(s) (in full)

— Address (in full)

This Application Form must be signed by all joint applicants and, in the case of a corporation, this Application Form must be completed under hand by an authorised official whose designation must be stated.

2 Signature — Dated — 1981
Surname and Designation — Mr., Mrs., Miss or Title
Christian or Forename(s) (in full)
Address (in full)
Please use block capitals

3 Signature — Dated — 1981
Surname and Designation — Mr., Mrs., Miss or Title
Christian or Forename(s) (in full)
Address (in full)
Please use block capitals

★★Amounts payable on application:

Sterling applications
500 Shares £210
1,000 Shares £420
2,000 Shares £840
2,500 Shares £1,050
5,000 Shares £2,100
10,000 Shares £4,200
15,000 Shares £6,300
20,000 Shares £8,400
and so in proportion

Dollar applications
500 Shares $500
1,000 Shares $1,000
2,000 Shares $2,000
2,500 Shares $2,500
5,000 Shares $5,000
10,000 Shares $10,000
15,000 Shares $15,000
20,000 Shares $20,000
and so in proportion

You are advised to allow two days for delivery through the post and to use First Class mail. The right is reserved to present all cheques for payment on receipt and to withhold renounceable Letters of Acceptance and excess application moneys pending clearance of applicants' cheques.

No receipt will be issued for the amount paid on application but an acknowledgement will be forwarded in due course by renounceable Letter of Acceptance in respect of all or some of the shares applied for and/or return by cheque through the post of the application money or any excess thereof.

APPLICATION FORM FOR PARTLY PAID SHARES

THE APPLICATION LIST FOR THE 18,900,000 PARTLY PAID ORDINARY SHARES NOW OFFERED FOR SALE WILL OPEN AT 10 a.m. ON THURSDAY, 5th FEBRUARY, 1981 AND MAY BE CLOSED AT ANY TIME THEREAFTER.

This Form, duly completed together with a cheque (drawn on a bank or branch thereof in the United Kingdom) made payable to "Lloyds Bank Limited" and crossed "Not Negotiable", for the full amount of the application price of 10 cents per share or 4.2p per share for each share applied for should be lodged with Lloyds Bank Limited, Registrar's Department (Issue Section), 111 Old Broad Street, London EC2N 1AU. A separate cheque should accompany each application. Unless these conditions are fulfilled applications may be rejected. Applications may be made in sterling or in dollars. Separate Application Forms should be used for each currency.

OIL AND GAS PRODUCTION LIMITED

(Incorporated with limited liability in Guernsey, Channel Islands)

Offer for Sale

by **Guinness Mahon & Co. Limited** of

18,900,000 ORDINARY SHARES of 2 cents each at 10 cents per share or at 4.2p per share, payable in full on application (to satisfy in part an issue price of $1 per share leaving 90 cents, being the balance of the issue price, subject to call).

	Number of partly paid shares applied for★	Amount of cheque enclosed★★
For sterling applications →		£
For dollar applications →		$

★Applications may only be made for a minimum of 500 shares and in multiples of 500 shares up to 10,000 shares and thereafter in multiples of 1,000 shares.

★★Amounts payable as stated below.

To: GUINNESS MAHON & CO. LIMITED.

Gentlemen,

I/We enclose a cheque for the above-mentioned sum, being the amount of 10 cents or 4.2p per partly paid share payable on application for the number stated above of partly paid shares of 2 cents each of Oil and Gas Production Limited. I/We offer to purchase that number of such shares on the terms of your Offer for Sale dated 29th January, 1981, and subject to the Memorandum and Articles of Association of Oil and Gas Production Limited, and I/we hereby undertake and agree to accept the same or any smaller number in respect of which this application may be accepted. I/We hereby authorise you to send a renounceable Letter of Acceptance in respect of the said shares, and a cheque for any moneys returnable, by post at my/our risk to the address given in the box below. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Members of Oil and Gas Production Limited as holder(s) of such of the said shares the right to which is not effectively renounced.

I/We hereby declare that I am/we are not a US person (as defined under "Procedure for Application" in the Offer for Sale) and will not hold or acquire any of the partly paid shares referred to herein for the account of a US person or with a view to the offer or sale of any fully paid shares to US persons or in the United States of America, its territories or possessions.

I/We undertake in your favour, on behalf of Oil and Gas Production Limited, to pay any call or calls made by Oil and Gas Production Limited on the Ordinary shares in respect of which this application is accepted in accordance with the terms of the Memorandum and Articles of Association of Oil and Gas Production Limited.

I/We warrant that due completion and delivery of this Application Form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation.

I/We acknowledge that renounceable Letters of Acceptance and cheques for excess application moneys are liable to be held pending clearance of applicants' cheques.

PLEASE PIN YOUR CHEQUE HERE — Signature — Dated — 1981

PLEASE USE BLOCK CAPITALS

— Surname and Designation (Mr., Mrs., Miss or Title)

— Christian or Forename(s) (in full)

— Address (in full)

This Application Form must be signed by all joint applicants and, in the case of a corporation, this Application Form must be completed under hand by an authorised official whose designation must be stated.

2 Signature — Dated — 1981
Surname and Designation — Mr., Mrs., Miss or Title
Christian or Forename(s) (in full)
Address (in full)
Please use block capitals

3 Signature — Dated — 1981
Surname and Designation — Mr., Mrs., Miss or Title
Christian or Forename(s) (in full)
Address (in full)
Please use block capitals

★★Amounts payable on application:

Sterling applications
500 Shares £21
1,000 Shares £42
2,000 Shares £84
2,500 Shares £105
5,000 Shares £210
10,000 Shares £420
15,000 Shares £630
20,000 Shares £840
and so in proportion

Dollar applications
500 Shares $50
1,000 Shares $100
2,000 Shares $200
2,500 Shares $250
5,000 Shares $500
10,000 Shares $1,000
15,000 Shares $1,500
20,000 Shares $2,000
and so in proportion

You are advised to allow two days for delivery through the post and to use First Class mail. The right is reserved to present all cheques for payment on receipt and to withhold renounceable Letters of Acceptance and excess application moneys pending clearance of applicants' cheques.

No receipt will be issued for the amount paid on application but an acknowledgement will be forwarded in due course by renounceable Letter of Acceptance in respect of all or some of the shares applied for and/or return by cheque through the post of the application money or any excess thereof.

WORLD STOCK MARKETS

NEW YORK

1980-81 High	1980-81 Low	Stock	Jan. 30
51	27¹₂	ACF Industries	51
26⁷₈	11⁵₈	AMF	21⁷₈
24³₈	12⁷₈	AM Intl	13
36⁷₈	25	ARA	35³₄
91	37¹₂	ASA	53¹₂
44¹₄	17	AVX Corp	29
59³₄	34¹₂	Abbotts Labs	55
33⁷₈	19	Acme Cleve	25¹₄
70¹₄	29⁷₈	Adobe Oil & Gas	34¹₂
40	30	Aetna Life & Cas	33³₄
24³₄	15	Ahmanson (H.F.)	18⁷₈
54	32⁵₈	Air Prod & Chem	44
16³₄	8³₄	Akzona	13³₈
39³₄	23¹₂	Albany Int.	32¹₈
16⁷₈	7⁵₈	Alberto-Culv.	14¹₈
24¹₂	16¹₂	Albertson's	21¹₂
38¹₂	23	Alcan Aluminium	32¹₂
37⁷₈	25⁵₈	Alco Standard	33⁷₈
44¹₈	23¹₂	Alegheny Ludm.	37³₄
61¹₄	42¹₄	Allied Chemical	50
25	18⁷₈	Allied Stores	21¹₂
36¹₂	23	Allis-Chalmers	33¹₄
18	12	Alpha Portd.	14¹₂
75³₄	53	Alcoa	61³₈
65⁵₈	23¹₂	Amal. Sugar	51¹₂
58¹₂	39³₈	Amax	42³₈
82³₄	20¹₂	Amerada Hess	36⁵₈
11¹₄	6³₄	Am. Airlines	9⁷₈
87³₄	59	Am. Brands	74⁵₈
38	25⁷₈	Am. Broadcastg	28³₈
36¹₄	27¹₂	Am. Can	29³₄
37¹₈	23¹₈	Am. Cyanamid	30¹₄
19⁵₈	15¹₄	Am. Elect. Pwr.	17¹₄
85⁵₈	25¹₂	Am. Express	43¹₂
40⁷₈	25¹₂	Am. Gen. Insnce.	38
26⁵₈	15¹₄	Am. Hoist & Dk.	20¹₄
31³₈	21¹₂	Am. Home Prod.	30¹₈
52	24	Am.Hosp.Supply.	45¹₂

1980-81 High	1980-81 Low	Stock	Jan. 30
46	35	Columbia Gas	38¹₈
44¹₂	27	Columbia Pict.	40
20³₄	16⁷₈	Combined Int.	17⁵₈
53³₈	23⁷₈	Combustn. Eng.	42¹₂
22⁷₈	16¹₄	Cmwlth Edison	18³₈
51¹₈	30³₈	Comm. Satellite	44
29¹₂	16	Comp. Science	20¹₈
43¹₄	31¹₄	Cone Mills	37¹₄
50¹₂	29⁵₈	Conn Gen Ins	41⁷₈
72⁵₈	41³₈	Conoco	60
24¹₈	14¹₈	Conrac	19³₄
26¹₄	20	Cons Edison	24¹₂
27	20	Cons Foods	24⁷₈
29⁵₈	15¹₈	Cons Freight	26¹₂
56⁵₈	37³₄	Cons Nat Gas	52⁷₈
21¹₂	15¹₂	Consumer Power	16⁷₈
12	6³₄	Cont Air Lines	9³₄
30¹₈	22	Conti Corp	26¹₄
35⁵₈	25⁵₈	Conti Group	33
34⁷₈	21³₈	Conti Illinois	32¹₂
16¹₈	12³₄	ContiTelep	16¹₄
77¹₈	44³₈	Control Data	63³₄
61⁵₈	29⁵₈	Cooper Inds	47³₄
20³₈	9¹₂	Coors Adolph	15¹₄
27⁵₈	18¹₄	Copeland	26⁵₈
27¹₄	16¹₄	Copperweld	26⁷₈
74¹₂	45⁵₈	Corning Glass	59⁷₈
29¹₄	20	Corroon Black	21¹₂
61	30	Cox Broadcast'g	56
47³₄	31¹₂	Crane	40¹₄
38	24³₈	Crocker Nat.	36³₄
33¹₈	23	Crown Cork	32¹₄
61	33³₄	Crown Zell	46¹₈
37¹₄	23	Cummins Eng.	34
46¹₈	15³₄	Curtiss-Wright	44¹₂
14¹₈	3⁷₈	Damon	9
26⁵₈	16⁷₈	Dana	24¹₂
47³₄	35¹₄	Dart & Kraft	43¹₄

1980-81 High	1980-81 Low	Stock	Jan. 30
24⁷₈	17¹₂	Citicorp	22⁷₈
60⁵₈	27³₄	Cities Service	44¹₈
29	14³₄	City Investg	21³₄
39³₈	29³₈	Clark Equipment	35³₈
37³₈	26	Cleve Cliffs Iron	35¹₂
11⁵₈	8	Clorox	10³₈
11¹₈	6⁷₈	Cluett Peaby	11¹₈
38	28⁷₈	Coca Cola	33¹₂
9¹₄	4	Coca Btl. NY	9¹₄
17¹₄	11³₈	Colgate Palm	14³₄
9³₄	6¹₄	Collins Aikman	9
53¹₂	35¹₂	Colt Inds	46¹₂

1980-81 High	1980-81 Low	Stock	Jan. 30
33¹₂	22¹₂	Georgia Pac.	27⁷₈
65⁷₈	31¹₂	Geosource	53³₄
28¹₄	17⁷₈	Gerber Prod.	28¹₄
104¹₂	68¹₂	Getty Oil	81³₄
41⁵₈	18¹₂	Giddings Lewis	33¹₂
31	18⁷₈	Gillette	27⁵₈
72³₈	18³₄	Global Marine	60¹₂
25⁵₈	16¹₂	Goodrich (BF)	22³₄
18¹₂	10⁷₈	Goodyear Tire	17³₄
28⁷₈	20	Gould	26¹₄
62¹₄	33¹₄	Grace	52³₈
39⁷₈	25³₄	Grainger (WW)	34⁵₈

Indices

NEW YORK —DOW JONES

	Jan. 30	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 23	1980/81 High	1980/81 Low	Since C'mpil't'n High	Since C'mpil't'n Low
eIndustr'ls	947.27	948.89	942.58	948.49	938.91	940.19	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.93	65.86	65.96	64.18	64.62	64.61	76.61 (25/6)	60.86 (18/12)	—	—
Transport.	402.22	398.64	396.45	394.64	389.79	381.61	425.68 (28/11)	233.69 (27/3)	425.68 (28/11/80)	12.23 (8/7/32)
Utilities	112.82	112.74	112.49	111.72	111.47	111.79	117.81 (5/1/81)	96.04 (27/3)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	41,160	38,170	36,690	42,280	36,360	37,220	—	—	—	—

eDay's high 960.24 low 940.61

Ind. div. yield %	Jan. 23	Jan 16.	Jan. 9	Year ago (approx)
	5.79	5.58	5.61	6.40

STANDARD AND POORS

	Jan. 30	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 23	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	146.86	147.69	148.02	149.09	147.51	147.86	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	129.55	130.24	130.34	131.72	129.84	130.23	140.52 (28/11)	98.22 (15/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Jan. 28	Jan. 21	Jan. 14	Year ago (approx)
Ind. div. yield %	4.57	4.53	4.45	4.89
Ind. P/E Ratio	9.23	9.30	9.41	8.29
Long Gov. Bond Yield	12.11	12.13	11.75	11.16

N.Y.S.E. ALL COMMON

Jan. 30	Jan. 29	Jan. 28	Jan. 27	1980/81 High	1980/81 Low
74.27	74.69	74.78	75.19	81.02 (28/11)	55.30 22/1/80

Rises and Falls	Jan. 30	Jan. 29	Jan. 28
Issues Traded	1,890	1,911	1,890
Rises	721	774	675
Falls	781	705	793
Unchanged	388	432	422
New Highs	—	26	24
New Lows	—	11	5

MONTREAL

	Jan. 30	Jan. 29	Jan. 28	Jan. 27	1980/81 High	1980/81 Low
Industrials	369.94	371.84	368.65	365.56	423.88 (29/2/80)	325.31 (27/3)
Combined	351.11	351.68	349.82	346.88	378.96 (28/10)	296.90 (27/3)
TORONTO Composite	2228.7	2228.5	2215.5	2214.2	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
LTV	883,600	21¹₈	+ ¹₈
Texaco	564,000	40³₈	−1¹₈
ATT	564,000	52⁷₈	+1
Exxon	522,100	77³₄	+ ¹₈
Blue Bell	483,700	33³₈	+1⁷₈
Brunswick	471,700	14¹₈	− ¹₈
Mid-So. Util.	468,500	11⁷₈	+ ¹₈
Pat. Petc.	454,500	24¹₄	+2³₈
Ralston Purina	404,800	10⁷₈	—
GCA Cp.	402,900	49	−13³₈

	Jan. 30	Jan. 29	Jan. 28	Jan. 27	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	667.0	665.2	668.4	665.2	746.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1/1/80)	605.0	610.7	608.8	601.5	818.0 (17/11)	492.3 (28/3)
AUSTRIA Credit Aktien (2/1/62)	64.47	64.50	64.45	64.54	69.46 (7/1/80)	64.36 (29/1/81)
BELGIUM Belgian SE (31/12/63)	95.58	92.97	95.30	92.97	106.76 (11/2/80)	92.42 (7/1/81)
DENMARK Copenhagen SE (1/1/73)	102.21	102.02	101.91	101.28	102.21 (30/1/81)	74.78 (5/3)
FRANCE CAC General (29/12/61)	104.2	105.1	105.8	105.5	120.3 (6/11)	87.1 (5/1/80)
Ind Tendance (31/12/80)	96.6	95.6	96.5	95.4	100.0 (31/12/80)	95.4 (27/1/81)
GERMANY FAZ-Aktien (31/12/58)	216.91	217.15	216.62	216.82	238.89 (25/2/80)	212.75 (28/3)
Commerzbank(Dec.1953)	670.1	669.8	668.3	669.7	749.2 (25/2/80)	667.0 (27/3)
HOLLAND ANP-CBS General (1970)	88.0	87.7	88.1	87.1	89.5 (21/11)	74.0 (27/3)
ANP-CBS Indust. (1970)	65.5	64.5	64.9	64.4	69.2 (11/1/80)	58.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	1566.09	1584.43	1593.40	1568.19	1654.57 (15/11)	738.6 (19/3)
ITALY Banca Comm. Ital (1972)	211.93	211.04	209.31	209.37	211.93 (30/1/81)	83.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7254.01	7216.12	7278.41	7286.05	7316.33 (21/1/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	508.38	508.86	508.96	509.16	509.16 (27/1/81)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	119.16	119.50	120.24	119.74	144.70 (14/2/80)	110.12 (28/3)
SINGAPORE Straits Times (1966)	732.60	725.53	715.40	724.50	732.0 (30/1/81)	429.75 (3/1/80)
SOUTH AFRICA Gold (1958)	805.9	686.4	818.0	807.8	1028.1 (22/9)	496.5 (18/3)
Industrial (1958)	551.7	556.5	561.0	560.0	690.5 (6/11)	456.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	107.85	106.46	105.90	105.26	107.85 (30/1/81)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/58)	417.72	417.52	420.88	422.72	427.87 (9/1/81)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn.(31/12/58)	287.9	288.3	282.5	281.7	317.8 (11/2/80)	275.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	154.7	155.1	155.9	164.8 (28/11)	129.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u unavailable.

AUSTRIA

1980-81 High	1980-81 Low	Jan. 30	Price %
336	336	Creditanstalt	336
336	330	Landerbank	336
285	253	Perlmooser	256
114	100	Semperit	102
267	238	Steyr Daimler	241
359	250	Veitscher Mag	261

BELGIUM/LUXEMBOURG

1980-81 High	1980-81 Low	Jan. 30	Price Frs.
2,450	1,034	ARBED	1,040
5,400	5,000	Banq Ind A Lux	5,000
2,170	1,350	Bekaert B	1,352
1,120	820	Cimert CBR	900
386	140	Cockerill	190
2,230	1,460	EBES	1,725
6,280	2,810	Electrobel	2,850
4,210	1,600	Fabrique Nat.	1,600
2,600	1,815	GB-Inno	1,970
1,695	900	GBL (Bruxl)	900
1,381	880	Gevaert	1,220
3,195	2,400	Hoboken	2,535
1,700	1,144	Intercom	1,296
6,510	4,900	Kredietbank	4,940
4,750	3,200	Pan Holding	4,710
6,250	4,600	Petrofina	5,050
5,920	3,950	Royale Belge	4,300
2,895	1,920	Soc Gen Banq	2,155
1,750	1,020	Soc Gen Belge	1,140
3,835	2,695	Sofina	2,705
2,795	2,200	Solvay	2,300
2,735	2,000	Traction Elect.	2,170
1,555	952	UCB	996
1,040	856	Union Miniere	872
1,795	980	Vieille Mont	980

DENMARK

1980-81 High	1980-81 Low	Jan. 30	Price Krone
136.5	108	Andelsbanken	129.6
407	218	Baltica Skand	345.0
124.4	102.75	CopHandelsbank	124.4
368	189.75	D. Sukkerfab	368.0
123	100.75	Danske Bank	123
150	102.75	East Asiatic	115.0
167.4	135	Finansbanken	164
380	205	Forenede Brygg.	380.0
270.4	149.5	Forende Dampsk	270.2
210	156.5	GNT Hldg	210
170	129.25	Nord Kabel	168.4
800	115	Novo Ind.	785
117.5	100	Papirfabrikker	101
132	105.25	Privatbanken	132
134.6	105	Prov'nsbanken	134.6
302.4	228.20	Smidth (FL)	287
650	302.4	S. Berendsen	640
135	95.75	Superfos	128.6

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

GERMANY

FRANCE

AUSTRALIA

SOUTH AFRICA

BRAZIL

SINGAPORE

TEL AVIV

INSURANCE

Lloyd's Bill meeting stiff opposition

BY OUR INSURANCE CORRESPONDENT

THE two lobbies of private members of Lloyd's and a number of Conservative MPs are forcing Lloyd's to overhaul its Bill for improving self-regulation in the market.

Last week after a meeting of Conservative MPs, Lloyd's said it would move Clause 11—the indemnity which gives the Lloyd's market immunity from legal liability—out of the main Bill and into an attached schedule for implementation by by-law.

The by-law will of course be implemented by a Lloyd's council, to be created by the new Bill. But it will first need confirmation by the Privy Council and approval by both Houses.

A petition was lodged with the House of Commons last week by two underwriting members, which will have the effect of sending the Bill into an opposed committee of the House. There, the arguments for amending the Bill will be debated.

The petitioners are backed by a new association seeking to represent the interests of the 16,000 members who do not work at Lloyd's but whose wealth allows the market to function.

The petition objects to the composition of a new Lloyd's ruling council. This will be formed of 16 working members of the market, who represent only 20 per cent of Lloyd's total membership, six non-working members of Lloyd's, representing 80 per cent, and three outsiders to be nominated by the council.

The petition says this is "grossly unrepresentative of members other than working members."

Lloyd's is studying this problem with the Conservative MPs and may increase the number of non-working members to eight, although this is unlikely to satisfy the demands of the petitioners and their supporters.

The petition wants the whole membership to have the right to suggest its own by-laws to the Lloyd's ruling council.

The powers of delegation of the new ruling council are also questioned. Under the proposed legislation, the council can delegate duties "as are not required to be exercised by special resolution" to the Committee of Lloyd's, comprising 16 working members of the council.

Other individuals to whom the powers can be delegated are the chairman or deputy chairman of Lloyd's, and the chairman or deputy chairman of the committee.

The petitioners say "delegation to one person of such important functions affecting so many people should not be authorised."

They have requested that Clause 11 be struck out of the Bill.

They also argue that the provisions for electing six external members to the council are defective.

"Provision should be made in the Bill to ensure that an underwriting agent is precluded from acting in the same transaction as agent for parties with opposing interests and from limiting his liability," says the petition.

Pursuing the same argument, the petitioners ask for provisions in the Bill requiring Lloyd's brokers to divest themselves of underwriting activities under their control.

The petition warns that the Bill contains no provision to safeguard members of the Society of Lloyd's or its members from fraud. The powers and duties of the proposed council under the Bill may not be enough protection it says, calling for more safeguards.

More seriously, the petition says: "The Bill is silent as to the duties of the Council towards members of the Society."

The scope of the debate about the Lloyd's Bill is now so wide that a case can be made for Lloyd's withdrawing it for extensive redrafting, in direct consultation with representatives from all its membership.

MONTHLY AVERAGES OF STOCK INDICES

—	January	December	November	October
Financial Times				
Government Securities	68.70	69.06	70.84	71.06
Fixed Interest	70.46	70.84	71.94	72.14
Industrial Ordinary	459.6	470.1	493.4	483.8
Gold Mines	354.7	454.8	475.5	506.2
Total Bargains	19,205	17,739	22,127	30,964
F.T.— Actuaries				
Industrial Group	247.57	252.28	258.76	254.19
500 Share	297.83	†307.59	318.98	307.42
Financial Group	232.64	234.44	248.56	253.00
All-Share (750)	284.73	†292.72	†305.07	298.43
Red. Debs. & Loans	52.07	53.49	54.33	54.16

	High	Low
Industrial Ordinary	475.3 (2nd)	446.0 (14th)
All-Share	293.19 (2nd)	278.20 (14th)

† Correction

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Prospects still gloomy

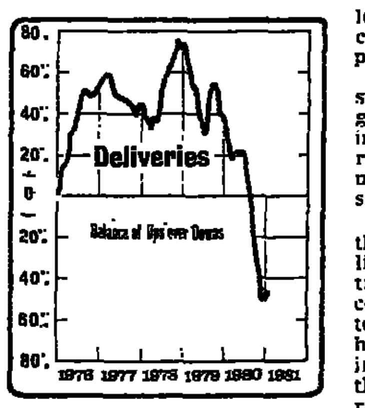
INDUSTRY remains generally gloomy about the outlook. The index measuring business confidence was unchanged at the previous month's depressed level, with the number of companies reporting pessimism roughly the same as those saying they were optimistic. The level of optimism has however increased slightly since the lows of the summer.

Of the three industry groups surveyed during January—electrical engineering, consumer durables, and stores and consumer services companies—the electrical engineering sector was split between gloom and hope.

Some companies have benefited from higher sales during recent months, while others have complained about the length of the recession and the continuing strength of the pound.

In both the durables and the stores and consumer services groups, companies are reporting only muted optimism, with rising overheads, lower profit margins and poor Christmas sales all depressing factors.

The index of optimism about the UK economy also shows little change. Both the electrical engineering and the consumer durable sectors tend to be less optimistic than they had been when last surveyed in September, mainly because the prospect of high interest rates and a strong exchange rate seemed more entrenched than it had done before.



ORDERS AND OUTPUT

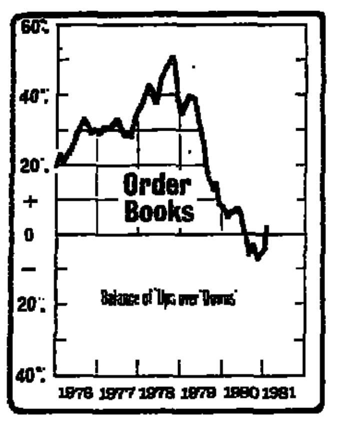
Some increase in demand

THE COMPANIES surveyed report a small increase in orders last month compared with recent severely depressed levels. Respondents are also slightly more optimistic about increasing their order books during the next four months than they had been when last asked in September.

The order indices however still point to a very low level of demand, with companies continuing to complain about the high exchange rate, distributor de-stocking, lack of consumer confidence and high interest rates.

Deliveries remain very sluggish. The stores and consumer services sector report a more favourable sales position, but all the companies in the durables group said their deliveries during the past four months have been lower than the comparable 1979-80 period. Electrical engineering deliveries are generally said to be affected by lack of demand.

On the order front, electrical engineering companies report slightly better figures recently, but in the durables sector order levels have fallen.

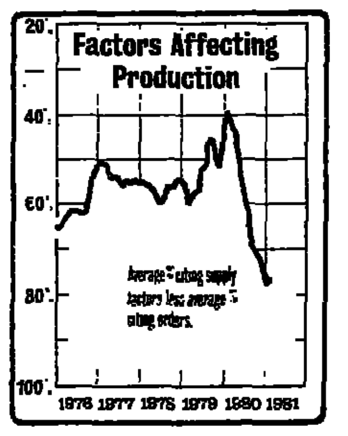


CAPACITY AND STOCKS

Orders still the constraint

WEAK DEMAND remains the main constraint on the production plans of the bulk of the companies interviewed. Shortage of staff or of raw materials and components are hardly mentioned. Moreover, roughly half the companies interviewed in the last four months—and a higher proportion of those questioned this month—say they are working at below target capacity. The consumer durables sector has been particularly likely to say it has buildings and plant or machinery not currently in use.

The heavy destocking of 1980 has meant that more companies are now saying their stocks are about right rather than too high in relation to current sales trends though the change so far has been small. Moreover, an increasing number of companies expect their stocks of all types to increase over the next 12 months. In particular, both the electrical engineering and the stores and consumer services sectors are more inclined to expect a rise than they had been last September.



CAPACITY WORKING

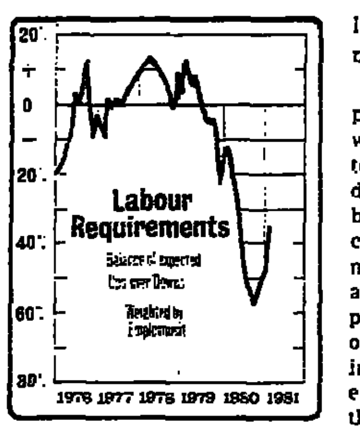
	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Above target capacity	3	1	1	2	11	—	7
Planned output	42	43	36	34	33	34	33
Below target capacity	50	49	58	59	56	66	56
No answer	5	7	5	5	—	—	4

INVESTMENT AND LABOUR

Slower fall in jobs

THERE IS a tiny glimmer of light in the outlook for jobs. All three sectors are less inclined to say they expect their labour forces to decrease over the next 12 month or are more inclined to expect them to increase than they had been last September. A sizeable overall balance are still, however, expecting a fall rather than a *rise in the number of their* workers. At most, this points to a slower rate of growth of unemployment. Companies are continuing to say that employment is principally affected by lack of present or forecast demand.

The outlook for capital expenditure remains depressed with little *change in the* pattern of replies. The consumer durables sector has, however, become more inclined to expect capital spending to fall over the next 12 months. Overall, only about a fifth of companies expect an increase in the volume of their capital spending during 1980, though electrical engineering is more optimistic than average.



COST AND PROFIT MARGINS

Prices outlook improves

THE INFLATION outlook is continuing to improve. All three sectors interviewed for the latest survey expect smaller wage increases than when questioned last September. The index for the median expected rise in hourly wage rates over the next 12 months continues to decline—to just over 11 per cent compared with 14 per cent three months ago. A majority of the companies in the latest survey expect rises of less than 10 per cent.

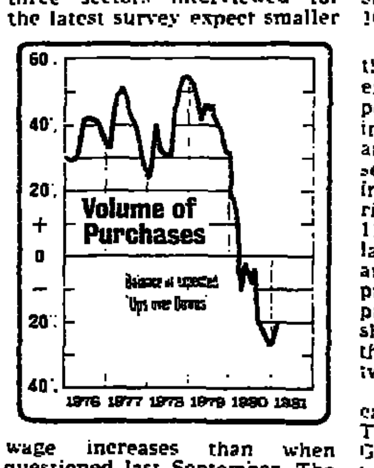
There has been a reduction in the number of companies expecting prices to rise by 10 per cent or more, particularly in the electrical engineering and the stores and consumer services sectors. Overall, the index of the median expected rise has fallen to just under 11 per cent after a slight blip last month. All three sectors are now more inclined to expect profit margins to increase than previously. This index has shown a slight rise to recover the ground lost over the last two months.

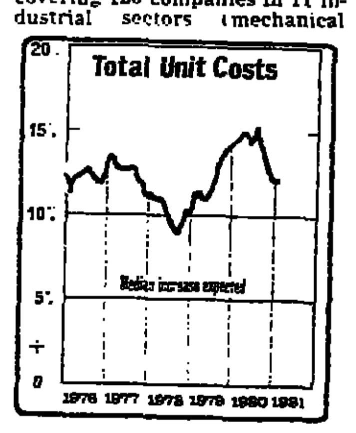
These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based on interviews with executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT Actuaries' index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).

Complete tables can be purchased from Taylor Nelson and Associates.





GENERAL BUSINESS

Are you more or less optimistic about your company's prospects than you were four months ago?	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores. C'sumer. Service %
	4 monthly moving total				*January 1981*		
More optimistic	21	24	24	21	15	15	15
Neutral	38	32	23	25	54	21	67
Less optimistic	41	44	53	54	31	64	18

EXPORT PROSPECTS (Weighted by exports)

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Over the next 12 months exports will be:							
Higher	50	48	51	51	78	56	86
Same	26	32	28	30	22	3	8
Lower	23	19	19	17	—	41	1
Don't know	1	1	2	2	—	—	5

NEW ORDERS

The trend of new orders in the past 4 months was:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Up	8	9	10	14	33	—	15
Same	16	19	14	13	11	34	3
Down	55	58	63	59	56	66	30
No answer	21	14	13	14	—	—	52

PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Rise over 20%	2	3	2	2	—	—	15
Rise 15-19%	1	2	2	2	—	—	—
Rise 10-14%	3	5	4	5	—	—	—
Rise 5-9%	14	17	15	13	12	—	—
About the same	52	49	51	54	65	97	55
Fall 5-9%	8	6	8	6	21	—	8
Fall over 10%	9	8	11	11	2	3	7
No comment	11	10	7	7	—	—	15

STOCKS

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Raw materials and components over the next 12 months will:							
Increase	17	13	13	13	54	3	22
Stay about the same	43	49	52	52	2	34	37
Decrease	31	31	30	28	44	63	19
No comment	9	7	5	7	—	—	22
Manufactured goods over the next 12 months will:							
Increase	15	11	9	10	56	3	33
Stay about the same	40	43	44	42	21	46	33
Decrease	28	30	29	20	23	48	8
No comment	17	16	18	28	—	3	26

FACTORS CURRENTLY AFFECTING PRODUCTION

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Home orders	90	95	93	94	69	100	78
Export orders	63	63	64	56	98	69	22
Executive staff	2	3	3	3	2	—	—
Skilled factory staff	5	6	6	6	21	—	—
Manual labour	1	1	2	—	—	—	—
Components	—	1	1	1	—	—	—
Raw materials	—	2	2	6	—	—	—
Production capacity (plant)	3	3	4	6	—	—	15
Finance	1	2	4	6	—	—	—
Others	3	3	3	3	—	—	15
Labour disputes	4	3	6	8	—	31	3
No answer/no factor	5	4	5	3	—	—	7

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Increase	9	6	6	6	38	—	17
Stay about the same	47	42	40	35	2	25	76
Decrease	44	52	54	58	60	75	7
No comment	—	—	—	1	—	—	—

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Increase in volume	21	20	22	22	50	3	42
Increase in value but not in volume	9	6	6	6	11	—	11
Stay about the same	32	38	35	34	—	32	8
Decrease	36	31	32	29	39	65	34
No comment	2	5	5	9	—	—	5

COSTS

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Wages rise by:							
0.4%	1	—	—	—	—	15	—
5-9%	34	22	19	10	58	75	52
10-14%	40	48	49	45	31	10	37
15-19%	11	13	13	31	11	—	—
20-24%	2	3	6	6	—	—	—
No answer	12	14	13	8	—	—	11
Unit cost rise by:							
0.4%	4	3	2	2	2	15	15
5-9%	18	19	20	17	42	23	26
10-14%	47	47	39	33	54	31	15
15-19%	15	16	20	26	—	31	—
20-24%	—	—	1	1	—	—	—
Same	2	3	3	3	—	—	—
Decrease	—	—	1	1	2	—	—
No answer	14	12	14	17	—	—	44

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Consumer Durables %	Stores C'sumer. Service %
	4 monthly moving total				*January 1981*		
Improve	26	23	22	22	65	22	23
Remain the same	33	34	38	38	12	37	52
Contract	39	40	37	32	23	41	25
No comment	2	3	3	8	—	—	—

Meat bid by General Foods

By Ian Hargreaves in New York

GENERAL FOODS, the multinational foods company, is bidding more than $460m for Oscar Mayer, a meat processing company based in Wisconsin.

A joint announcement about the negotiations was made by the two companies on Saturday, after heavy speculation in Oscar Mayer stock on the New York Exchange on Friday. That speculation drove the stock price from $17.5 to $21, which is still well short of the offer price of $29 per share in a mixture of preferred stock and cash.

Although General Foods emphasised over the weekend that details of the proposed agreement have yet to be completed, the fact that negotiations were announced jointly — coupled with the fact that insiders control 60 per cent of Oscar Mayer's common stock — suggests that the deal has a good chance of going through.

General Foods, with sales of more than $6.5bn last year, is one of the world's largest food companies. It sells its products, which include Maxwell House coffee, in the U.S., Canada and several European countries. But it concentrates on packaged and frozen foods and has no meat processing interests.

Oscar Mayer, with 1980 sales of $1.5bn and net income of $32m, is primarily a pork products company. It makes sausages and other processed meats. The company also has interests in pharmaceuticals and food machinery.

Its earnings suffered last year from high interest payments associated with the cost of two acquisitions (Louis Rich and Chef's Pantry) and a $4.1m write-off of a slaughtering plant.

These pressures caused a small loss in the company's final fiscal quarter, ended October 31 last. This was the first quarterly loss for several decades.

Sharp final quarter recovery for UAL

BY OUR FINANCIAL STAFF

AMERICA's largest domestic airline, UAL, reports a marked improvement in profitability for the final quarter of 1980, returning net earnings for the year of $21m, compared to losses of $72.8m in 1979.

The group, which operates a large hotels network and includes the largest insurance adjusting organisation in the U.S., achieved earnings of $35.5m for the final quarter, against a loss of $12.5m.

The final quarter result represents a major step towards recovery for UAL, which barely managed to stay in profit in the second and third quarters of 1980.

Hotels had a good year, and the airline operations — which account for about four-fifths of total revenues — gained from fare increases, route restructuring and the absence of the strikes and DC-10 groundings that characterised so much of 1979.

During the third quarter last year, when the airlines cut their losses from $21.5m to $9.7m, UAL had to absorb an increase of around a third in fuel costs at a time when passenger volume was declining by 16 per cent.

UAL serves 100 major cities in the U.S. and Canada with its system, extending from the major trade areas on the east coast right through to the west coast and Hawaii. The hotels side operates 52 hotels in 15 countries.

Per share earnings for 1980 emerge at 70 cents, against a loss of $2.50 in 1979 and earnings of $11.9 in 1978.

French drug groups advance

By Our Financial Staff

HIGHER sales and earnings are reported for 1980 by two major French pharmaceutical companies.

Sanofi, in which the Elf-Aquitaine oil company has a 55.4 per cent interest, increased sales by 21 per cent last year to FFr 5.21bn ($1.06bn). Net consolidated income is expected to "show a more rapid rate" of growth than sales. Cash flow for 1980 is estimated at about FFr 500m.

Cosmetics and pharmaceutical group L'Oreal reports a rise of 30.2 per cent in consolidated sales to FFr 8.57bn from FFr 6.581bn in 1979. On a comparable basis, however, the increase was of 16.6 per cent. The group estimates pre-tax profit at about FFr 700m, or 14 per cent higher than in 1979.

● Societe Chimique, Routiere et d'Entreprise Generale, the public works and construction company, had 1980 sales of about FFr 8.2bn, compared with FFr 6.645bn.

Earnings increase from Scandinavian Bank

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SCANDINAVIAN BANK, the London-based consortium bank, has increased pre-tax profits to £10.27m ($24.2m) for 1980 from £9.32m in 1979. At the same time the bank says it intends to establish full banking operations in California this year with the "unanimous" support of its shareholders.

Mr. Garrett Bouton, the bank's chief executive, said he sees the Californian move as complementing the bank's activities in New York, where it has a representative office, as well as those of its Scandinavian shareholders who are not represented on the west coast.

It will also allow the bank a 24-hours-a-day presence in the foreign exchange markets, where it is already dealing through its offices in London, Hong Kong and Bahrain.

Scandinavian Bank's accounts show that consolidated loans and advances repayable after more than one year rose to £420.4m in 1980 from £377.7m in 1979. Total capital resources including subordinated debt increased to £94.2m from £74m, reflecting the issue of a £20m floating rate note in the Euromarkets last summer.

The bank has increased its proposed dividend payment to £2.4m from £1.6m.

Mr. Bouton said the bank's executive committee will be expanded in February to include Mr. Per Ahlqvist, who has been seconded from Skandinaviskon Banken, where he is I charge of international business at the Gothenburg branch.

Volume rise at Euro-Clear

By John Makinson

EURO-CLEAR, the international Eurobond clearing system, saw a 55 per cent increase in turnover to $152bn in its financial year ended November 30, 1980.

The Brussels-based company, which is owned by 127 banks and financial institutions, reported an increase in its average number of daily settlements from 5,324 to 6,815. The value of securities in its system also showed a strong rise, from $29.4bn to $40.8bn.

Apart from clearing transactions, Euro-Clear also lends dealers securities so that they can cover immediate settlement commitments. The number of loans made under this arrangement last year grew from 31,280 to 51,356.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
BAT Inds.	Jan. 30	Int. 6.5	IMI	Feb. 26	Final 2.5
*Bibby (J.)	Mar. 5	Final 4.25	*Imperial Gp.	Feb. 12	Final 4.5
Brown Bros.	Feb. 27	Int. 1.0	*Lloyds Bank	Feb. 20	Final 8
Carrington Viyella	Feb. 20	Final 0.4	*Lonrho	Feb. 5	Final 4.88
*City Offices	Feb. 10	Final 2.429	*NatWest Bank	Feb. 24	Final 10.25
*Commercial Bank Australia	Feb. 25	Int. 10 cents	Nottingham Manufacturing	Feb. 18	Final 2.75
*Commercial Union	Feb. 24	Final 5.8	Prudential Corporation	Feb. 26	Final 6.0
Dalgety	Feb. 14	Int. 11.0	Ransomes Sims & Jeffries	Feb. 25	Final 8.0
*Dowty	Feb. 12	Int. 2	Securicor	Feb. 13	Final 1.02
General Accident	Feb. 27	Final 6.5	*Turner & Newall	Mar. 11	Final 7.0
General Mining	Feb. 18	Final 75 cents	Union Corp.	Feb. 18	Final 43 cents
Guinness Peat	Feb. 12	Int. 2.75	Vantona	Feb. 26	Final 5.0
*Hong Kong & Shanghai Bk.	Mar. 10	Final HK$0.50			
Hoover	Feb. 27	Final 6.39			
*ICI	Feb. 26	Sec. int. 11			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective from January 31

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
Up to 5	13½	13¼	13½	14¼	14¼	14
Over 5, up to 10	13¾	13¾	14½	14	14¾	14⅝
Over 10, up to 15	14½	14¾	14½	14⅝	14⅝	14⅝
Over 15, up to 25	14½	14½	14½	14⅝	14⅝	14⅝
Over 25	14½	14½	14½	14⅝	14⅝	14⅝

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. ‡Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payment of interest only.

CORAL INDEX: Close 463-468 (+4)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Burnley (0282 25011)	13	½-year	500	2-3
Knowsley (051-548 6555)	13¼	½-year	1,000	5-7
Redbridge (01-478 3020)	13½	½-year	200	6
Sefton MBC (051-922 4040)	13¼	½-year	2,000	2-5

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

CURRENCIES, MONEY and GOLD

The great currency divide

BY COLIN MILLHAM

Major currencies are divided into two groups at the moment, with most members of the European Economic Community showing a very weak trend, while the two North American dollars, sterling and the Japanese yen continue to advance.

The Canadian dollar is kept in line with its U.S. counterpart, in much the same way that the Swiss franc is held in step with the D-mark. High interest rates and abundant energy supplies are major factors helping the Canadian currency, while firm interest rates have also propped up the U.S. dollar in past months, although the market is now turning its attention to President Reagan's economic programme, and reacting favourably to such moves as the de-control of domestic oil prices.

Sterling continues to benefit from North Sea oil, making Britain one of the few Western economies running a balance of payments surplus. Japan's payments position has shown a dramatic improvement of late and despite the rising cost of the country's large oil imports Japan's economic performance goes from strength to strength.

This has particularly worrying implications for the EEC, where member countries are already suffering from a heavy imbalance in trade with Japan. Europe has not been shown the resilience of its Far Eastern competitor, and continues to suffer from economic stagnation and high energy prices.

The key currency in Europe is the D-mark, which last week fell to its lowest level against the dollar since the middle of 1978, and required support within the European Monetary System against the French franc. The D-mark touched its lowest permitted level against the French currency following the pessimistic forecast from Bonn about economic growth in West Germany this year. The country's balance of payments problem, and Germany's proximity to Poland at a time of internal unrest also continue to overhang the D-mark, while the interest rate differential between Paris and Frankfurt makes any reduction in German interest rates unlikely, for fear of provoking further outflows of capital from Germany.

THE POUND SPOT AND FORWARD

Jan. 30	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3610-2.3890	2.3660-2.3680	0.65-0.75c dis	−3.55	2.32-2.42dis	−4.00
Canada	2.8200-2.8570	2.8245-2.8265	0.80-0.90c dis	−3.61	2.60-2.80dis	−3.82
Nethlnd.	5.43½-5.48½	5.45½-5.46½	2⅜-1⅝c pm	3.85	5½-4½ pm	3.66
Belgium	80.30-81.00	80.45-80.55	13-3c pm	1.19	29-19 pm	1.19
Denmark	15.35-15.53	15.35-15.37	2½-⅝ore pm	1.22	1⅜ pm-⅛ dis	0.19
Ireland	1.3420-1.3540	1.3520-1.3530	0.10p pm-0.03 dis	0.31	0.11pm-0.07ds	0.06
W. Ger.	5.01-5.06	5.04-5.05	2⅜-1⅝pf pm	4.46	5¼-4¼ pm	3.77
Portugal	131.80-133.20	131.90-132.20	25c pm-30 dis	−0.23	45pm-130ds	−1.29
Spain	195.50-197.40	195.55-195.65	55-110c dis	−5.06	150-290dis	−4.50
Italy	2375-2392	2378-2380	8½-11½lire dis	−5.04	29½-32½dis	−5.21
Norway	12.90-13.04	12.90-12.92	1⅝ore pm-⅛ dis	0.70	2¼-⅜ pm	0.41
France	11.57-11.64	11.60½-11.61½	3¼-2¼c pm	2.84	7¾-6¾ pm	2.50
Sweden	10.82-10.93	10.82½-10.84½	11⅛-12⅛ore dis	−12.87	31¼-32¾ds	−11.72
Japan	485-495	488½-490½	2.50-2.00y pm	5.51	6.30-5.70 pm	4.90
Austria	35.40-35.80	35.45-35.55	12-8½gro pm	3.46	31½-26 pm	3.24
Switz.	4.55-4.60	4.56½-4.57½	3¼-2¼c pm	7.22	8⅝-7⅝ pm	7.11

Belgian rate is for convertible francs. Financial franc 80.60-80.70. Six-month forward dollar 4.12-4.22c dis. 12-month 5.90-6.10c dis. U.S. Jan. 29 2.3970-2.3980 (close).

THE DOLLAR SPOT AND FORWARD

Jan. 30	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3610-2.3890	2.3660-2.3680	0.65-0.75c dis	−3.55	2.32-2.42dis	−4.00
Ireland†	1.7520-1.7690	1.7520-1.7570	0.50-0.60c dis	−3.74	1.65-1.80dis	−3.91
Canada	1.1940-1.1965	1.1940-1.1943	0.01c pm-0.04dis	−0.15	0.22-0.17 pm	0.65
Nethlnd.	2.2920-2.3050	2.3000-2.3050	1.57-1.47c pm	7.92	4.52-4.42 pm	7.76
Belgium	33.90½-34.03	34.01-34.03	15½-14c pm	5.21	46-43 pm	5.24
Denmark	6.4950-6.5150	6.5050-6.5100	3-2½ore pm	5.07	7¼-6¾ pm	4.15
W. Ger.	2.0980-2.1350	2.1315-2.1325	1.40-1.34pf pm	7.71	4.16-4.10 pm	7.75
Portugal	55.40-55.75	55.60-55.75	50-15c pm	7.00	85-15 pm	3.59
Spain	82.55-82.90	82.65-82.75	45-15c pm	4.35	20 pm-10 dis	0.24
Italy	1000.0-1004.5	1003.5-1004.5	¾-1¾lire dis	−1.19	2½-4 dis	−1.29
Norway	5.4320-5.4800	5.4565-5.4585	2.10-1.60ore pm	4.07	6.20-5.70 pm	4.36
France	4.8650-4.8825	4.8775-4.8825	2.80-2.70c pm	6.77	7.80-7.60 pm	6.32
Sweden	4.5685-4.5830	4.5725-4.5745	1.50-1.80ore dis	−4.33	6.00-6.30dis	−5.38
Japan	205.00-207.00	206.65-206.75	1.55-1.40y pm	8.56	4.55-4.40 pm	8.66
Austria	14.95-15.00	14.97-14.98	9.10-8.50gro pm	7.05	28.00-26.50pm	7.28
Switz.	1.9040-1.9320	1.9295-1.9305	1.83-1.73c pm	11.07	5.45-5.35pm	11.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Jan. 30		Jan. 29	
Gold Bullion (fine ounce)				
Close	$505-508	(£212⅞-213⅝)	$489-492	(£204-205¼)
Opening	$503-506	(£211-212¼)	$508-511	(£211⅛-212⅜)
Morning fixing	$507.50	(£212.699)	$505	(£209.936)
Afternoon fixing	$506.50	(£213.129)	$493.75	(£205.729)
Gold Coins				
Krugerrand	$520-522	(£219¼-220)	$503-505	(£210-210¾)
1/2 Krugerrand	$269-273	(£113½-115)	$259½-263½	(£108¼-110)
1/4 Krugerrand	$136-140	(£57¼-59)	$132-136	(£55-56¾)
1/10 Krugerrand	$56½-60½	(£23¾-25½)	$53-57	(£22-23¾)
Mapleleaf	$516-520	(£217-218¾)	$500-503	(£208¾-210)
New Sovereigns	$127-128	(£53½-54)	$124-125	(£51¾-52¼)
King Sovereigns	$152-154	(£63¾-64¾)	$154-156	(£64¼-65¼)
Victoria Sovs.	$152-154	(£63¾-64¾)	$154-156	(£64¼-65¼)
French 20's	$171-174	(£72-73½)	$169-172	(£70½-71¾)
50 pesos Mexico	$631-635	(£266-267¾)	$620-624	(£258¾-260½)
100 Cor. Austria	$491-495	(£207-208¾)	$485-490	(£202⅛-204½)
$20 Eagles	$643-648	(£271-273¼)	$643-647	(£268¼-270)

OTHER CURRENCIES

Jan. 30	£	$		£ Note Rates
Argentina Peso	4802-4822	2010-2035	Austria	35.40-35.80
Australia Dollar	2.0300-2.0340	0.8565-0.8570	Belgium	80.40-81.20
Brazil Cruzeiro	162.00-163.00	68.10-68.44	Denmark	15.39-15.54
Finland Markka	9.507-9.520	3.9990-4.0010	France	11.55-11.65
Greek Drachma	115.625-118.580	49.25-49.35	Germany	5.03-5.07½
Hong Kong Dollar	12.53-12.54½	5.2745-5.2775	Italy	2420-2520
Iran Rial	177.25*	73.50*	Japan	486-492
Kuwait Dinar(KD)	0.646-0.652	0.2728-0.2730	Netherlands	5.44-5.49
Luxembourg Frc.	80.45-80.55	34.01-34.03	Norway	12.96-13.06
Malaysia Dollar	5.2990-5.3100	2.2315-2.2335	Portugal	130-143
New Zealand Dlr	2.4945-2.4995	1.0525-1.0535	Spain	192-201½
Saudi Arab. Riyal	7.90-7.96	3.3305-3.3325	Sweden	10.87-10.97
Singapore Dollar	4.9430-4.9540	2.0810-2.0830	Switzerland	4.56½-4.61
Sth African Rand	1.7980-1.7990	0.7595-0.7600	United States	2.36-2.38
U.A.E. Dirham	8.72-8.78	3.6700-3.6720	Yugoslavia	85-88

Rate given for Argentina is free rate. * Selling rate.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 9/16	offer 17 11/16	bid 16 3/4	offer 16 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	17⅛-17⅜	17-18	8 11/16-9⅛	1¾-2¼	8 11/16-8 13/16	—	16-18	9½-10	8-8½
7 days' notice	14¼-14½	17½-17⅜	17-18	9 1/16-9 3/16	2-2½	9-9⅛	10-11	17¾-20½	11⅝-11¾	8⅜-8⅝
Month	14¼-14⅜	17½-17¾	17⅝-18	9 1/16-9 3/16	5¾-5⅞	9 5/16-9 7/16	10½-10¾	18½-20½	11¾-12	8 11/16-8 7/16
Three months	13 15/16-13 15/16	17¼-17½	17-17⅜	9⅜-9½	6⅜-6½	9⅜-9½	10⅞-11⅛	18½-19½	12⅛-12¼	8⅜-8⅝
Six months	13-13⅛	16½-16¾	15¾-16⅛	9½-9⅝	6⅜-6½	9 5/16-9½	11 15/16-12 3/16	18¼-19¼	12⅜-12½	8½-8¾
One Year	12⅞-13⅛	15¾-16	14⅞-16¼	9¾-9⅞	6⅛-6¼	9⅜-9½	12¾-13	18½-19½	12½-12⅝	8½-8¾

SDR linked deposits: one-month 13½-13⅞ per cent; three-months 13 5/16-13 [illegible] per cent; six-months 12⅞-13⅛ per cent; one year 12 11/16-13 1/16 per cent.

Asian $ (closing rates in Singapore) one-month 17¾-17⅞ per cent; three-months 17 [illegible]-17 [illegible] per cent; six-months 16 [illegible]-16 [illegible] per cent; one year 15⅜-15⅞ per cent. Long-term European two years 15-15⅜ per cent; three years 14¾-14⅞ per cent; four years 14½-14¾ per cent; five years 14⅜-14⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.20-17.30 per cent; three-months 17.10-17.20 per cent; six-months 16.10-16.20 per cent; one year 15.30-15.40 per cent.

LONDON MONEY RATES

Jan. 30 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ф	Elegible Bank Bills ф	Fine Trade Bills ф
Overnight	—	13¾-16	14⅛	—	—	14½-14⅝	13¾-14	—	—	—
2 days notice	—	—	14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅜	14⅜-14½	—	14⅝	14¾-14⅞	13⅝-13⅞	—	—	—
One month	14 1/16-14⅛	14¼-14⅜	14-14⅜	15⅜-15	14⅝	14¾	13¾-13⅞	12 25/32-12 13/16	13 11/16	14⅝
Two months	14⅛-14	13 15/16-14 1/16	—	14½-14⅛	14⅜	14⅝	13⅜-13⅝	12¾-12⅞	13⅝	14⅛
Three months	13⅝-13½	13 15/16-13¾	13¾	14-13¾	14⅛	14⅛-14¼	13-13¼	12 25/32	12 15/16	13⅝
Six months	12 13/16-12 15/16	13-13 3/16	13⅛	13⅜-13	13 7/16	13⅜	—	—	12 13/16	12⅝
Nine months	12⅞-12¾	12⅞-13⅛	—	13⅜-13	13¼	13⅝	—	—	—	—
One year	12¾-12 9/16	12 11/16-13	13	13¼-13	13¼	13½	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅜-13½ per cent; four years 13½ per cent; five years 13⅝ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 13⅛ per cent.

Approximate selling rate for one-month Treasury bills 12 [illegible]-12 [illegible] per cent; two-months 12 [illegible]-12¾ per cent; three-months 12 [illegible] per cent. Approximate selling rate for one-month bank bills 12⅝ per cent; two-months 13⅛ per cent; three-months 12 [illegible] per cent; one-month trade bills 14⅜ per cent; two-months 13⅞ per cent and three-months 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.6095 per cent.

CURRENCY RATES

Jan. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.521450	0.516045
U.S. $	13	1.24418	1.22973
Canadian $	16.97	1.48555	1.47039
Austria Sch.	6¾	18.6316	18.4214
Belgium F.	12	42.1995	41.6880
Danish K.	11	8.09088	8.00250
D'mark	7½	2.63386	2.60396
Guilder	8	2.85788	2.82532
French Fr.	9½	6.06973	5.99865
Lira	16½	1247.60	1232.81
Yen	7¼	254.684	253.018
Norwgn. Kr.	9	6.76461	6.71374
Spanish Pts.	8	102.782	101.699
Swedish Kr.	12	5.68777	5.62690
Swiss Fr.	3	2.39816	2.36662
Greek Dr'ch.	—	—	60.7673

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
98	F.P.	6/2	335	290	✻Amer. Comm. Inds.	290	......	—	—	—	—
$100	F.P.	6/2	£41½	£37	✻Do. Notes 20%	£37	......	Q 20%	—	24.3	—
610	F.P.	—	660	600	✻Cramphorn	660	......	16.5	2.1	5.6	18.8
5§	F.P.	—	7½	6½	✻Dunton 5p	7½	......	—	—	—	—
107‖	F.P.	12/1	134	113	Independent Inv. 25p	117	......	—	—	—	—
70	F.P.	9/1	100	78	✻Midland Marts	95	......	b3.75	2.0	5.6	12.7
100	F.P.	23/1	116	97	New Tokyo Inv Tst 50p	114	......	—	—	—	—
§§	F.P.	—	14	12	✻Parkfield Foundri's	13½	......	0.88	6.4	9.3	2.4
50	F.P.	21/1	52	47	††Pennine	52	......	—	—	—	—
81§	F.P.	16/2	106	98	Sonic Sound Audio 10p	98	......	b4.48	1.9	6.8	9.5
**	F.P.	9/2	74	72	Westpool Inv. Defd	74	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	103	+½
¶	F.P.	26/2	107¾	106½	Chester Waterworks 9% Red. Pref. 1985	107½	......
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	105½p	......
‖	Nil	12/2	9½pm	5½pm	Crystalate 9¾% Cnv. Uns. Ln. '98-2000	9½pm	+½
¶	F.P.	26/2	107¾	106½	East Anglian Water 9% Red. Pref. 1985	107½	......
¶	F.P.	26/2	107½	106¾	East Worcester 9% Red. Pref. 1985	107½	......
¶	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	......
96	£20	27/3	21¼	20¾	Iceland 14½% 2016	21¼	+¼
£100	£50	30/4	46	41	Lon. Merchant Secs. 7¾% Cv Uns Ln 2000-05	44	......
99	F.P.	23/3	101	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. '86-88	101	......
‖	F.P.	20/1	114p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	114p	+1
‖	Nil	—	18pm	13pm	Portals 9½% Cnv. 1994-2000	18pm	......
**	F.P.	21/1	100p	97p	Standard Industrial 11½% Pref	97½p	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p‡	+ or −
30	Nil	6/2	27/2	7½pm	5pm	Benlox	5½pm	+½
115	F.P.	12/1	26/2	141½	134	Brotherhood P.	139	......
46	Nil	—	—	15pm	8pm	Hampton Trust	9pm	+1
184	F.P.	29/1	13/3	195	188	Johnson, Matthey	195	+8
140	F.P.	19/12	30/1	178½	146	KCA Intnl.	171	+2
25	F.P.	19/12	4/2	26	25	L. K. Industrial	25	......
$A1.85	85cts	—	—	75	32	North Kalgurli Mines	33	−7
60	Nil	—	—	12pm	11pm	Norcros	12½pm	+1½
25	F.P.	21/1	13/2	26	24	Prestwich Parker	26	......
320	F.P.	23/1	20/3	357	330	Royal Insurance	353	+8
60	F.P.	9/1	13/2	76	67	Security Centres	75	......
145	F.P.	19/1	16/2	209	174	Warren Plants	209	+4

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. † Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 6 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a) (c) (g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scotbits Securities Ltd.

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Transatlantic and Gen. Secs. Co. (y)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London & Manchester Ass. Gp.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London A'deen & Nthn. Mtl. Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1O	1Ap	Treasury 9¾pc 1981‡‡	99 13/32	26.8	9.80	12.88
12D	12Jun	Exch. 8¼pc 1981	98⅜	5.11	8.39	12.90
4F	4Aug	Exch. 9½pc 1981	98 7/16xd	29.12	9.65	12.90
21F	21Aug	Exch. 3pc 1981	95xd	15.1	3.15	12.81
17May	17N	Treas. Variable '81§§	99 3/16	13.10	13.36	14.26
23May	23N	Exch. 12¾pc 1981‡‡	100 3/16	17.10	12.74	12.55
15Jul	15Ja	Treas. 8½pc '80-82‡‡	96 5/16	9.12	8.80	12.42
15Aug	15F	Treasury 3pc '82‡‡	93⅞xd	9.1	3.20	9.35
16S	16Mar	Treasury 14pc '82‡‡	101⅛	11.8	13.84	12.87
15D	15Jun	Treas. Variable '82§§	98½	10.11	13.46	14.42
5Ja	5Jul	Treasury 8¼pc '82	94 5/16	2.12	8.74	12.75
22Mar	22S	Exch. 9¼pc 1982	94 3/16	18.8	9.81	13.18
5Jul	5Ja	Exch. 8¾pc 1983	93 5/16	1.12	9.38	12.76
21Aug	21F	Exch. 3pc 1983	87xd	15.1	3.44	10.19
17S	17Mar	Treasury 12pc 1983‡‡	98	11.8	12.25	13.10
24N	24May	Treas. Variable '83§§	96⅝	20.10	13.72	14.97
18Ja	18Jul	Treasury 9¼pc '83	92⅞	12.12	9.96	12.73
22May	22N	Exch. 13½pc '83	101 1/16	15.10	13.35	12.99
12Jun	12D	Exch. 10pc 1983	92⅞	5.11	10.77	13.04
15Jul	15Ja	Funding 5½pc '82-84‡‡	85½	9.12	6.43	11.42
20Aug	20F	Exch. 11¼pc 1984	95½xd	14.1	11.78	13.10
22N	22May	Exchequer 14pc 1984	102 5/16	16.10	13.68	13.10
19D	19Jun	Exch. 3pc 1984	78⅝	12.11	3.82	10.70
26Mar	26S	Treasury 12pc 1984	96 11/16	20.8	12.39	13.10
22Aug	22F	Treasury 15pc 1985	106¾xd	16.1	14.05	12.83
22S	22Mar	Exch.12pcCv'85 (£40pd)●	40⅝	—	12.29	12.77
21N	21My	Treasury 3pc 1985	73½	15.10	4.08	10.88
21N	21N	Do. A●	72 13/16	—	4.12	11.12
22May	22N	Exch. 12¼pc 1985	97⅛	16.10	12.61	13.05

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
25Aug	25F	Exch. 11¾pc '86	94¼xd	—	12.39	13.19
10Ja	10Jul	Treasury 8¼pc '84-86‡‡	86½	3.12	9.91	12.10
22Jul	22Ja	Exch. 13¼pc 1987	100⅜	16.12	13.28	13.31
1N	1May	Funding 6½pc '85-87‡‡	80¼	25.9	8.27	11.38
3May	3N	Treas. 12pc 1987	96⅛	29.9	12.88	13.56
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	78⅜	22.12	9.90	12.52
1Ja	1Jul	Transport 3pc '78-88	63⅝	25.11	4.75	10.16
22Aug	22F	Treasury 11½pc 1989	88⅛xd	16.1	12.95	13.87
22Aug	22F	Do. A (£60pd)	57⅜	—	12.99	13.90
15Ap	15Oct	Treasury 5pc '86-89	65½	8.9	7.81	11.70
15Jul	15Ja	Treasury 13pc 1990‡‡	97⅜	9.12	13.43	13.64

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	Aust. 5½pc '81-82	94½	29.8	5.93	12.32
1J	1D	Do. 6pc 1981-83	84¾	31.10	7.16	12.98
1Ja	1J	N.Z. 7¼pc 1988-92	64¾	1.12	11.29	13.47
15J	15D	Do. 7½pc '83-86	78¾	17.11	9.63	13.39
1M	1N	Sth. Africa 9½pc '79-81	97¾	26.9	9.95	15.91
1A	1O	S. Rhod. 2½pc Non-Ass.	121	3.66	—	—
—		Do. 3½pc 80-85 Assd.	47	—	7.77	23.60
—		Do. 4½pc 87-92 Assd.	28xd	7.1	16.07	22.20
—		Zimbabwe Ann (£100pa)	365	—	—	24.81

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	62¼	1.12	8.01	12.29
30J	31D	Alcan 10½pc '89-94	77½	10.11	15.12	16.20
1M	1S	Met. Wtr. 3pc 'B'	29½	1.8	10.61	12.81
30J	31D	U.S.M.C. 9pc 1982	182	24.11	8.95	—
30J	31D	Do. without Warnts.	93½	24.11	9.78	14.90

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
20J	20D	FFI 14pc '83	100¼	20.11	13.96	13.87
31M	30S	FFI(UK Fa)5½pcDb. '80-2	91½	1.9	6.25	12.95
31M	30N	Do. 6¾pcDb. '81-84	81½	13.10	7.80	13.00
11Ja	11J	Do. 10½pc Uns.Ln. '86	89	8.12	11.90	13.82
11Ja	11J	Do. 11pc Uns.Ln. '88	88	8.12	12.62	13.50
11Ja	11J	Do. 11¾pc Uns.Ln. '90	89	8.12	13.34	14.10
14Mr.	14S	Do. 12½pc Un. Ln. 1992	94½	11.8	13.86	14.30
30J	31D	Do. 7¾pcADeb. '89-92	61¼	24.11	12.84	14.30
31M	30S	Do. 7¾pcADeb. '91-94	62	1.9	12.27	14.05
31M	30S	Do. 9pc 'A' '91-94	72½	1.9	13.05	14.20
28F	31A	Do. 8¾pcLn. '92-97	65½xd	26.1	13.34	14.25

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	62½	8.71	—	—
1Ja	1J	Do. 5pc Pref.	55	2.6	—	—
1Ja	1J	Chilean Mixed	98	1.7	3	13.10
—		Chinese 4½pc 1898	27	—	—	—
—		Do. 5pc 1912	22	—	—	—
—		Do. 5pc 1913	16½	—	—	—
—		Do. 5pc '25 Boxer	13½	—	—	—
30 Jun.	31D	Denmark 13pc 2005	98¼	4.12	13	14.64
1M	1N	Greek 7pc Ass.	36	3.11	3½	19.90

[illegible]

AMERICANS

[illegible]

CANADIANS

Dividends Paid		Stock	Price	Last xd	Div. Gross	Cvr	Gr's
Ap.Jy.O.Ja.		Hawker Sid. Can.‖	800p	14.11	96c	—	4.2
F.MyAuN.		Hollinger $5	16⅝	26.7	$2.20	—	4.6
Apr.	Oct.	Hudson's Bay ‖	890pxd	11.7	$1.20	—	4.7
Jan.	July	Hud. B.Oil G. $2½	860p	25.9	57.5c	—	2.3
Mr.Je.S.D.		Imperial Oil‖	12⅝	28.2	$1.40	—	3.9
Jan.Ap.J.O.		Inco‖	785p	31.7	$US72c	—	3.8
F.My.Au.N.		Int. Nat. Gas $1	485p	30.10	$1.00	—	7.2
Mr.Je.S.D.		Massey Ferg.‖	200p	11.77	—	—	—
—		Place Gas $1	105p	—	—	—	—
June	Dec.	Rio Algom	11¼	26.10	$1.50	—	4.7
M.Je.S.D.		Royal Bk.Can. $2	20⅛xd	27.10	$2.88	—	4.9
SeDeMrJu		Seagram Co. C$1	23 13/16	21.5	US$1.40	—	2.8
F.MyAuN.		Tor. Dom. Bk. $1	11⅞xd	23.12	$1.52	—	4.6
J.Ap.Jy.O.		Trans Can. Pipe	900p	26.6	$1.16	—	4.5

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796

Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 25 South Frederick St., Dublin 2. Telex: 25414 Tel: Dublin 603378

Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381

Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London (tel: 01-623 1211), Frankfurt, New York and Paris

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—		Barymin	47	—	—	—	—
May		Burma Mines 10p	15½	14.4	0.62	1.1	5.8
—		Colby Res. Corp.	245	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	220	30.6	†Q30c	1.8	7.8
—		††Hemerdon 10c.	77	—	—	—	—
—		Highwood Res.	155	—	—	—	—
—		Northgate C$1	315	97/	—	—	—
Jan.	July	R.T.Z.	383	10.11	t16.0	3.2	6.0
—		Do.9½%Cn.Uns.L.95-2000	£96	—	Q9½%	—	†10.2
—		††SPO Minerals 10p	134	—	—	—	—
—		Sabina Inds. C$1	34	—	—	—	—
—		††SWCM 10p	34	—	—	—	—
—		Tara Exptn. $1	490	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	+1	**IRISH**		
Bertam	12	−2	Conv. 9% '80/82	£93⅝	......
Bdg'wtr. Est. 50p	537	......	Nat. 9¾% 84/89	£75⅝	−½
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£85⅝	+¼
Fife Forge	41	......	Alliance Gas	50	......
Finlay Pkg. 5p	20	......	Arnott	225	......
Graig Ship. £1	£20	+1	Carroll (P.J.)	78	+1
Higsons Brew	78	......	Concrete Prods.	86	+3
Holt (Jos) 25p	360	......	Helton (Hldgs.)	32	......
I.O.M. Stm. £1	170	+2	Ins. Corp.	360	......
Pearce (C. H.)	670	......	Irish Ropes	40	......
Peel Mills	60	......	Jacob	38	......
Sheff. Refrshmt	95	......	T.M.G.	26	......
Sindall (Wm.)	130	......	Unidare	82	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworths	5
B.S.R.	4½	Inveresk	5		
Babcock	11	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lofs"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¼
Burton	10	Mrks. & Spncr.	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	48	Thorn	28	Charter Cons.	20
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	10
Hawker Sidd	20	Unilever	58	Rio T. Zinc	45
House of Fraser	15	U.D.T.	4½		

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Monday February 2 1981

Education authority's future still in doubt

By Robin Pauley

THE GOVERNMENT is to issue a Green Paper this week, probably today, on the future of the Inner London Education Authority.

The unexpected move follows the failure of Cabinet Ministers to find a way to change the representation and financial control of the country's biggest education authority, in spite of a year of reports, inquiries, committees and more than 900 submissions from the public.

Unhappy

The Green Paper is understood to be "very green"—long on options and short on practical proposals. A policy decision on the authority had been expected this week.

The Conservatives have been unhappy for a long time about what they regard as the authority's lack of accountability. It obtains its funds by levying a self-determined precept on ratepayers through the Greater London Council. The precept is not challengeable.

The authority's 48 members are not directly elected; 35 are inner London borough members of the GLC and 13 are nominated by the 12 inner London boroughs and the City of London. At present, this composition all but guarantees control of the authority to Labour.

Since being Education Secretary, Mrs. Margaret Thatcher has wanted to break up the authority and give the 12 boroughs responsibility for education. Many do not want it and some are to small to run a full-scale education service.

Disputed

A report by a committee under Mr. Kenneth Baker, now junior Industry Minister, recommended the break up of the authority. His six-page report contained disputed statistics about pupil numbers and was widely criticised as being superficial.

The Government set up another committee of Ministers and civil servants under Lady Young, the junior Education Minister. This received more than 900 papers and comments by the July deadline.

Since then the only solution it has been able to find is to recommend retaining a unitary authority.

Block grants row, Page 3

Thatcher faces CBI clash

BY JOHN ELLIOTT AND PETER RIDDELL

A CLASH about the state of the economy and the damage being done to industry is likely between the Prime Minister and leaders of the Confederation of British Industry and the Trades Union Congress on Wednesday at a meeting of the National Economic Development Council.

Treasury Ministers claimed in the Commons that last week's CBI industrial trends survey indicates "the economy has reached a turning point."

The CBI, which is urging the Government to provide substantial help for industry in the Budget, disagrees with this.

Its leaders say the survey shows that pressures on manufacturing industry are intensifying. The short-run outlook is bleak, although "things are getting worse more slowly."

Further evidence is provided by this morning's Financial Times survey of business opinion. Business confidence remains low, although there has been a small increase in expected levels of order books.

The Prime Minister will hear *these differences aired as she* will chair the Neddy meeting, where the main topic is the state of the economy and industry. The meeting is on the eve of Mrs. Thatcher's *major* speech in Thursday's Commons economic debate.

The TUC, which will make a major attack on Government policies, has tabled for discussion its annual economic review, published tomorrow.

It wants the Budget to provide a £6bn stimulus to the economy.

The CBI has tabled its Budget submissions, which will be published on Wednesday morning. *It wants some £1½bn* tax cuts, including a two-fifths reduction in the National Insurance surcharge and help on energy costs.

TUC leaders had hoped for a common front with the CBI at the meeting but, after talks over dinner last Monday, it emerged that the two sides have different basic views.

Both are concerned about industry and the level of un*employment, but the TUC wants* a large stimulus to the economy based on expanded public spending, which the CBI does not support.

A background paper is being submitted to the meeting by the National Economic Development Office, which maps out the economic problems and looks at the prospects for recovery in various sectors of industry.

The dispute between the CBI and Ministers turns on the interpretation of questions about the trend of orders and output. The answers, in the form of balances of ups and downs, are often difficult to assess.

Sir Geoffrey Howe, the Chancellor, told the Commons that the CBI survey showed "that the proportion of companies expecting an improvement in their prospects for new orders and in the volume of output and export orders has increased. Those factors are substantial and encouraging."

On the same evidence, the CBI concluded that orders, out*put and employment levels had* declined sharply and were expected to decline further.

Reductions in stock levels, and hence in output, should be less rapid, but "this does not mean that recession is close to its end." There is still a large balance of companies reporting and expecting a reduction in orders and output.

Most economists believe the rate of decline is slowing, although there is uncertainty about when the bottom will be reached.

The FT survey this month covers electrical engineering, vehicles, components and distributors, consumer durables, stores and consumer service organisations.

It suggests that any pick-up in orders is limited. Weak demand remains the main constraint on production.

The inflation outlook continues to improve, however, with a *further deceleration expected in* the next 12 months.

Business opinion survey, Page 21

London office rents overtaken

BY ANDREW TAYLOR

LONDON no longer charges the most expensive office rents in the world. This dubious honour has now fallen to Buenos Aires, according to an international survey conducted by Richard Ellis, *the commercial property* agents and chartered surveyors.

The survey shows that at the end of last year top office rents in London for air-conditioned suites of 5,000 sq ft were about £24 a sq ft. Office accommodation in Buenos Aires, calculated on the same basis, cost £27 a sq ft.

The survey looks at office rents in 23 international centres, including Hong Kong, New York, Sydney, Paris, and Frankfurt.

The much higher rate of inflation in South American countries was a prime factor in London being overtaken as the city with the most expensive office addresses, says the agent.

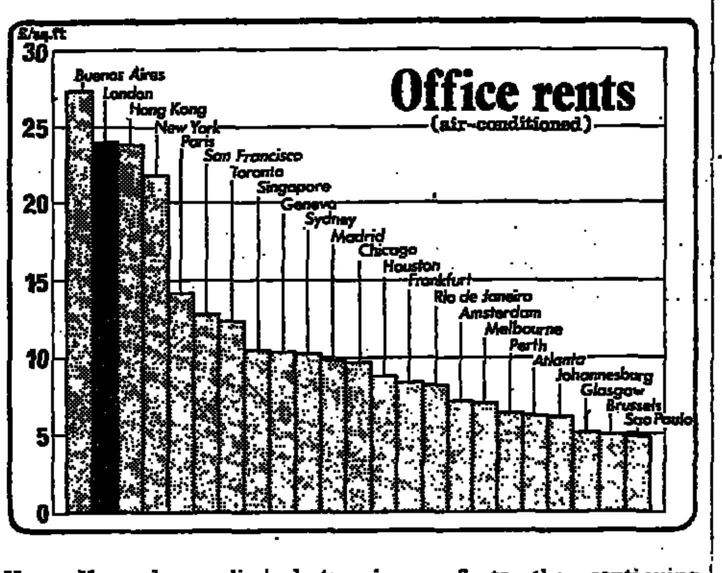
"Particular countries, such as Switzerland, West Germany and Belgium, have had a two-year inflation rate around or just under 10 per cent, whereas *South American countries* have recorded inflation in excess of 100 per cent during this time."

The survey shows that, in the past 12 months, office rents in Hong Kong have climbed to £23.96 a sq ft, just below the cost of London accommodation.

The rate of growth in office rents in central London—having risen sharply in 1978 and 1979—has slowed considerably since the first quarter of last year, and some London property agents are not expecting top office rents to increase by more than 10 per cent this year.

This forecast of slower rent rises reflects the continuing impact of recession on tenant demand, and the fact that higher levels of office development in and around the City of London during the past year has brought supply and demand more nearly into balance.

A recent Richard Ellis London office report suggests there will be a surplus of office accommodation available this year,



Continued from Page 1

Pressure

of whom represent North-Eastern constituencies, could expect little support from traditional Labour voters.

They could expect strong support from disaffected Tories, but the poll suggests *this would probably* not be enough to enable prominent social democrats such as Mr. Rodgers or Mr. Ian Wrigglesworth to retain their seats.

This may dampen the euphoria generated by other recent opinion polls which have indicated that a hypothetical Liberal/Social Democrat alliance is more popular nationally than any of the existing parties.

None of these other polls focused on the regions or political allegiances of those who say they would support the new alliance.

In pressing the Gang of Three to stay, Mr. Foot can expect support from a wide range of MPs, including some from the "soft left"

Triplex to shed 600

Financial Times Reporter

TRIPLEX, the Pilkington Glass subsidiary which makes most of the windscreens used by the British motor industry, plans to make 600 workers redundant over the next two years.

The company said that the redundancies would be among all categories of staff at two factories in Birmingham and St. Helens, Lancs, which together employ almost 2,200 people. It will also seek to trim an additional 200 jobs through natural wastage.

In the past 18 months, Triplex has made 650 people redundant at the two plants.

Study of 757s as aerial tankers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE MINISTRY of Defence is studying the possibility of equipping British Airways' future fleet of Boeing 757 airliners with in-flight refuelling equipment so that they could be used as tankers for fighter aircraft in an emergency.

British Airways has 19 Boe*ing 757s on order, for delivery* from 1983 onwards, with another 20 on option. The cost of putting in-flight refuelling equipment into them during their manufacture would be about \$35m, including spares, or about £14.6m.

For this sum, the armed *forces would get an emergency* fleet of 19 additional tankers for refuelling combat aircraft such as Tornado fighters, supplementing the existing small fleet of Victor and VC-10 tankers, and enabling more Tornado fighters to fly longer distances, especially over the North Atlantic.

So far, the idea has been studied inside the Ministry of Defence's Procurement Executive, and by the Operational Requirements branch of the RAF, with information provided by Boeing of the U.S. It has not been formally discussed by the Ministry and British Airways, although the latter has been advised by Boeing and the Ministry that the idea exists.

Boeing has been discussing *the idea with NATO in Brussels,* and with various other European countries. The U.S. airliner manufacturer feels that its 757 twin-engined short-to-medium range airliner and its smaller 737 short-range jet could provide substantial additional emergency aerial tanker capacity for a comparatively small outlay. No decisions have been taken.

The basic plan is that the aircraft would be fitted with the necessary *in-flight refuelling* equipment. This would involve only a small weight penalty, which would be permanently carried by the aircraft.

In an emergency, the civil aircraft would probably be commandeered by Governments for troop transport and other purposes anyway. *Those already* fitted with in-flight refuelling equipment would be readily convertible to tankers.

In *addition to the 757s in* British Airways, there will be some 140 Boeing 737s in use in Western Europe in the mid-1980s, all of which could provide additional aerial tanker capacity for fighters.

This idea of using the civil airliner fleet was referred to *earlier last week by Mr. Geoffrey* Pattie, Minister for the RAF, when he addressed the Air League on the future of the service.

Stressing the need to use existing resources and investments to the maximum, he said "It is my strong conviction that we *should rely heavily on* the mobilisation of civil air carrier resources, both for war-time and intervention operations"—the latter meaning "brush-fire" operations that, short of full-scale war, require swift transport of troops, equipment and supplies.

Changes planned in Lloyd's Bill

By John Moore

MAJOR PROPOSALS for amendments to a Bill for improving self regulation within the Lloyd's of London insurance *market are to be put to a group* of Conservative MPs later this week by Sir Graham Page, the MP for Crosby.

Sir Graham is steering the Lloyd's private Bill through the Commons on behalf of the insurance market against extensive opposition.

A group of more than 15 Conservative MPs has made representations to Sir Graham and warned him that the Bill could be in danger of being *"talked out" in this session.*

Sir Graham has advised Lloyd's of the problems and Lloyd's is seeking to compromise on various controversial issues.

The Bill is *Lloyds first major* legislative reform in more than 100 years. The major issues in dispute are whether Lloyd's insurance brokers should divest themselves of the right to manage an underwriting agency because of conflicts of interests; whether there should be more *formal* procedures for dealing with suspect insurance claims; and the question of representation of a new Lloyd's ruling council.

Discussion

Last week Lloyd's capitulated on one of its major proposals: giving itself a blanket indemnity against the possibility of legal action. That proposal will not form part of the main Bill.

Mr. Richard Needham, MP for Chippenham and one of the leaders of the Conservatives criticising the Bill, said: "Up until last week Lloyd's have not been prepared to take the concern of MPs into account. It is only thanks to Sir Graham that matters are being discussed."

He added: "Lloyd's have got considerable ground to make up with Conservative backbench MPs in terms of communication."

Last week at the second reading stage Viscount Cranborne (Conservative, South Dorset), Mr. Jack Straw (Labour, Blackburn) and others, raised objections to the Bill at the second reading stage, ensuring that the planned legislation is subject to a three-hour debate in the House in two or three weeks' time.

Insurance, Page 21

CBI protests to European Commission

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SHARP ATTACK on the European Community for trying to impose too many unnecessary laws and regulations on companies is made today by the Confederation of British Industry.

In its most outspoken criticism of the EEC since Britain joined, the CBI tells the Commission to "take greater care to ensure *that laws proposed are really* necessary."

"The weight of irrelevance is actually damaging things that matter. It is very important for the Market to be seen to work better," Mr. Brian Rigby, CBI deputy director-general, said last night.

He criticised the wide range of matters and practices which the Commission had tried to harmonise in the EEC.

CBI leaders fear that politicians of all parties might take up the considerable swell of public opinion in the UK against the EEC and put Britain's membership at risk.

Their message to the new Commission, in a report, is that the Community should improve its work and public image before permanent damage is done.

"There is little appetite *for* new initiatives except in the Commission," says the report.

"The limited fund of political goodwill for harmonisation measures needs to be reserved for those matters which promise the greatest common economic dividends by freeing trade, and which stand the most chance of approval through eventual compromise among national and sectoral interests."

The CBI is especially opposed to detailed harmonisation attempts in matters such as company law; labour relations and employee involvement: and the environment. It wants more than 20 company law initiatives scrapped, and more than 30 other issues not approved by the Council of Ministers over a period either to be passed immediately or abandoned.

Mr. Rigby said that when the CBI Europe Committee was preparing the report it did not hear from any company that totally welcomed the harmonisation programme.

The CBI's *ideas have gained* support from other employer groups in the EEC, particularly the French, Italians and West Germans, according to Mr. *Rigby*, who said he would discuss the report with them later this month.

The report puts five main conditions for the new Commission to take into account as part of a "reappraisal of priorities" when considering a new law.

First a "public cost benefit analysis" to assess impact on EEC trade.

Second priority *for laws* "contributing most to freeing trade and stand the best chance of approval."

Third, a time limit of six months to a year in which the Council of Ministers must approve a proposed law, after which the proposal would be withdrawn. Limits might be put on deliberations by the European Commission.

Fourth, the EEC should not deal with areas such as company law and industrial relations, which the CBI believes best controlled nationally. Finally, the EEC should aim to "harmonise ends not means."

The Impact of EEC Legislation on British Business. A Staff Study for the CBI Europe Committee. CBI, Centre Point, 103, New Oxford Street, WC1, £2.

Weather

UK TODAY

GENERALLY mild.

S.E., Cent England
Coastal fog. Sunny periods. Max 11C (52F).

E., N.E. England
Sunny. Becoming cloudy. Max 11C (50F).

N.W., S.W. England, Wales
Cloudy. Occasional drizzle. Max 11C (52F).

Borders, Edinburgh, Dundee and Aberdeen areas
Mainly dry. Bright periods. Max 11C (52F).

Rest of Scotland, N. Ireland, Isle of Man
Cloudy. Some rain and fog. Max 10 (50F).

Outlook: Colder with wintry showers.

WORLDWIDE

		Y'day °C	°F			Y'day °C	°F
Ajaccio	S	13	55	L. Plms.	F	18	64
Algiers	S	13	55	Lisbon	S	11	52
Amsdm.	C	4	39	Locarno	S	10	50
Athens	S	14	57	London	S	10	50
Bahrain	C	18	64	L. Ang.†	S	8	46
Barclna.	S	13	55	Luxmbg.	S	3	37
Beirut	F	15	59	Luxor	S	19	66
Belfast	C	7	45	Madrid	S	7	45
Belgrd.	S	8	46	Majorca	S	13	55
Berlin	S	5	41	Malaga	S	14	57
Biarritz.	S	12	54	Malta	C	13	55
Bmghm.	S	9	48	M'chstr	Fg	1	34
Blackpl.	S	4	39	Milan	S	10	50
Bordx.	S	8	46	Montrl.†	F	−4	25
Boulgn	C	5	41	Moscow	C	−5	23
Bristol	S	6	43	Munich	S	5	41
Brussels	S	7	45	Nairobi	F	27	81
Budpst.	S	8	46	Naples	S	14	57
Cairo	C	16	61	Nwcstle.	S	9	48
Cardiff	F	4	39	Nice	S	15	59
Cas'b'ca	F	17	63	Nicosia	S	16	61
Cape T.	S	26	79	Oporto	S	16	61
Chicg.†	R	2	36	Oslo	S	9	48
Cologne	S	6	43	Paris	S	9	48
Cpnhgn.	C	5	41	Perth	S	33	91
Corfu	S	13	55	Prague	S	3	37
Dublin	S	7	45	Reykvk.	R	6	43
Dbrvnk.	S	13	55	Rhodes	S	14	57
Ednbgh.	C	8	46	Rome	S	14	57
Faro	S	15	59	Salzbrg.	S	3	37
Florence	S	12	54	S'ciacot	S	6	43
Frankft.	Fg.	−4	25	Singapr.	C	31	88
Funchal	F	17	63	Stckhm.	F	6	43
Geneva	Sn.	−4	25	Strasbg.	C	−2	28
Gibrltr.	F	15	59	Tel Aviv	R	11	52
Glasgow	C	8	46	Tenerife	F	15	59
Helsinki	S	6	43	Tokyo	Sn	2	36
H. Kong	S	20	68	T'r'nto†	C	−4	25
Innsbrk.	S	1	34	Tunis	F	13	55
Invrnss.	C	10	50	Valencia	S	13	55
I o Man	C	7	45	Venice	S	10	50
Istanbul	R	4	39	Vienna	S	10	50
Jersey	S	9	48	Warsaw	Fg	1	34
Jo'burg	C	24	75	Zurich	Fg	−6	21

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
†Noon GMT temperatures.

THE LEX COLUMN

The true cost of cheap assets

By public demand, or lack of it, the January stock market sales are being continued for a further indefinite period. The eager bidder could still pick up, say, Turner and Newall for not too much more than its market capitalisation of £75m or so. Or there is that mighty multinational Dunlop—full, perhaps, of Eastern promise — just above £80m.

Too expensive? Then how about *Chloride, the world's biggest* rechargeable battery manufacturer, at not much over £40m? That one has been knocked down from £170m. Alternatively, in the same price bracket in the textile department is Tootal, a special half-price offer compared with *two years ago.*

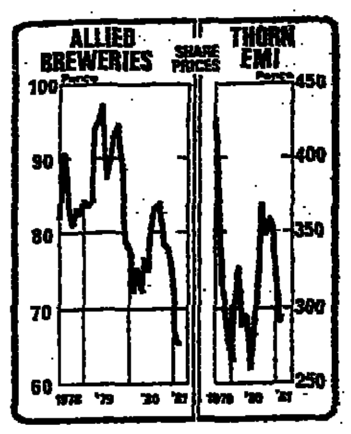
British manufacturing assets are going for a song in today's stock market. Thus brokers Phillips and Drew calculate that the industrial sector as a whole is being valued at a 10 to 15 per cent discount to end-1980 book net worth, and at as much *as a 45 per cent discount* on the basis of current cost valuations. Yet with the odd small-scale exception like Record Ridgway or Central Manufacturing and Trading, there is no great rush to pick up assets in the bargain basement.

Bargain hunting

When companies wish to expand, they may well feel there are plenty of bargains coming on to the market in the shape of the more successful subsidiaries of troubled groups. Such easily assimilable mouthfuls have been disposed of by the likes of Stone-Platt, Airfix (before its demise), and Dunlop. Then there is the chance of picking up assets from various receivers, minus any troublesome associated debts.

The most convincing argument perceived by managers tempted by the possibility of huge expansionary moves, however, may well be the struggles currently being endured by the four biggest and most prominent recent exponents of the "cheap" bid.

It was in August 1978 that Allied Breweries pounced on the ailing and debt-ridden *Lyons. Allied decided that it* would be able to cure many of Lyons' management failings, while also having the advantage of being able to restructure the borrowings on cheaper terms. The group got over the first hurdle of heated institutional opposition, but profits have been sagging and it has been hard to avoid the conclusion that Allied's management resources have been stretched very thinly. Against 91p immediately before the bid the share price now stands at 65p, an underperformance of some 44 per cent against the All-Share Index over the period.



In August 1979 came another highly controversial bid, this time by Dalgety for Spillers. Here, at least, the two companies were both within the same industry, but the relative scale of the challenge seemed even greater for Dalgety. In the year to last June Spillers pushed *up Dalgety's debt by £47m, and* the group's rationalisation provisions earned it a qualification to the accounts. The share price underperformance since the deal is 20 per cent.

In October 1979 it was EMI's turn to be put out of its independent misery by Thorn. Although like the other two this was an all-paper bid, Thorn had to take on board EMI's heavy borrowings, and by the time of the March 1980 consolidation this added £152m to group debt, taking it to some £270m.

EMI added a tiny amount to consolidated 1979-80 profits, but has been barely covering its financial costs since then and with profits elsewhere well down and the equity increased by a fifth through the acquisition, earnings per share have been hammered. The relative weakness since the bid has been 37 per cent.

Relative strength

Finally, there is a kind of success story: since coming out *with its bid for Decca, Racal's* share price has outperformed the All-Share by almost a fifth. It is legitimate, however, to dwell here on might-have-beens, for other electronics groups like Plessey and GEC have shown much greater relative strength.

Racal quickly found that Decca's loses were worse than it anticipated when it embarked on the bid in January last year. Now it is behind its original schedule in turning Decca round, and for the time being at least Racal shareholders are suffering from serious dilution of the underlying growth of the original group.

Fortune does not always favour the brave. Undoubtedly these four groups have been unfortunate in the way that a more serious trade recession has developed than they can reasonably have anticipated, while the cost of carrying the increased debt burden has also been greater than might have been expected on the basis of mainstream economic and financial forecasts.

No doubt many managers will simply conclude from such examples that the stock market, as usual, is taking too short term a view. Managers planning five or ten years ahead cannot, they may think, take too much notice of the immediate reactions of faint-hearted institutional investors.

Earnings dilution

But shareholders will be concerned at the possibility that managers are building empires at the cost of heavy dilution of the equity. Earnings per share in the four bidding companies have been affected, sometimes seriously. Perhaps when restructuring has been completed and a trading recovery begins some of this will be corrected. But there is also the threat of a further stage of dilution when the four companies get around to refinancing part of their aggregate £1bn-plus debt mountain with new equity.

None of the four has yet decided that the moment is ripe for a rights issue, probably because they are advised that they will be able to raise substantially more at a later date. Thorn, Allied and Dalgety on average could clear only a *quarter of their indebtedness at* present through standard one-for-four rights issues (though Racal is more strongly placed). Each results announcement, however, is bound to be nervously anticipated, in case it is accompanied by a cash call.

Meantime the cut-price attractions of British manufacturing assets are being largely spurned. This is perhaps not surprising when Nissan is proving that green field assets, too, can come at a discount thanks to Government grants. And in such cases there are no employees—let alone trade unions—in situ, an important point when in the ruthless arithmetic of takeovers people can count as negative assets.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

هيكدا من الارسال